

UNION LEAGUE BOYS AND GIRLS CLUBS
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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**UNION LEAGUE BOYS AND GIRLS CLUBS
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Union League Boys and Girls Clubs
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Union League Boys and Girls Clubs (ULBGC), which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ULBGC as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ULBGC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 ULBGC adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ULBGC's ability to continue as a going concern for one year after the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ULBGC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ULBGC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter Regarding Correction of an Error

As discussed in Note 17 to the financial statements, ULBGC found an error in a prior year 2021 beneficial interests in trusts and change in value in split interest in trusts calculation. Accordingly, the beneficial interests in trusts and net assets with donor restrictions have been restated as of the year ended December 31, 2021 to correct the error. Our opinion is not modified with respect to this matter.

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 July 10, 2023 , on our consideration of ULBGC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the ULBGC's 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 ULBGC's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Oak Brook, Illinois
July 10, 2023

**UNION LEAGUE BOYS AND GIRLS CLUBS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021 (RESTATED)**

ASSETS	2022	2021
CURRENT ASSETS		
Cash	\$ 828,807	\$ 1,258,026
Prepaid Expenses and Other Assets	102,536	58,766
Receivables:		
Contributions, Net	182,958	277,086
Government Grants and Contracts, Net of Allowance for Doubtful Accounts of \$-0- in 2022 and \$5,000 in 2021	1,218,653	1,267,100
Total Current Assets	2,332,954	2,860,978
INVESTMENTS	12,014,746	14,716,236
PROPERTY AND EQUIPMENT, Net	6,518,623	6,845,437
OTHER ASSETS		
Right-of-Use Lease Asset	153,017	-
Cash Surrender Value Life Insurance	163,244	157,236
Beneficial Interests in Trusts	7,021,915	6,855,811
Total Other Assets	7,338,176	7,013,047
Total Noncurrent Assets	25,871,545	28,574,720
 Total Assets	 \$ 28,204,499	 \$ 31,435,698
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 161,777	\$ 217,314
Lease Liability	179,769	-
Deferred Revenue	-	20,000
Accrued Liabilities and Other:		
Accrued Payroll and Payroll Taxes	274,713	189,248
Accrued Real Estate Taxes	-	4,237
Total Current Liabilities	616,259	430,799
DEFERRED COMPENSATION LIABILITY	195,770	170,799
 Total Liabilities	 812,029	 601,598
NET ASSETS		
Without Donor Restrictions:		
Undesignated	10,854,089	12,826,762
Board-Designated - Endowment	4,114,129	5,044,450
Total Net Assets Without Donor Restrictions	14,968,218	17,871,212
With Donor Restrictions	12,424,252	12,962,888
Total Net Assets	27,392,470	30,834,100
 Total Liabilities and Net Assets	 \$ 28,204,499	 \$ 31,435,698

See accompanying Notes to Financial Statements.

UNION LEAGUE BOYS AND GIRLS CLUBS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 1,422,143	\$ 898,248	\$ 2,320,391
In-Kind Donations	158,726	-	158,726
Government Grants and Contracts	4,645,741	-	4,645,741
Special Event Revenue	774,453	-	774,453
Income from Trusts	380,483	-	380,483
Net Realized and Unrealized Losses on Investments	(2,117,898)	(804,105)	(2,922,003)
Investment Income, Net	86,942	31,453	118,395
Change in Value of Split-Interests in Trusts	-	166,104	166,104
Other Income	13,109	-	13,109
Change in Cash Surrender Value of Life Insurance	-	6,008	6,008
Net Assets Released from Restrictions	836,344	(836,344)	-
Total Revenue, Gains, and Other Support	6,200,043	(538,636)	5,661,407
EXPENSES			
Program Services:			
Club Operations	6,209,918	-	6,209,918
Camp	485,808	-	485,808
Scholarships	130,332	-	130,332
Support Services:			
Management and General	1,190,959	-	1,190,959
Fundraising	1,086,020	-	1,086,020
Total Expenses	9,103,037	-	9,103,037
CHANGE IN NET ASSETS	(2,902,994)	(538,636)	(3,441,630)
Net Assets - Beginning of Year, As Restated	17,871,212	12,962,888	30,834,100
NET ASSETS - END OF YEAR	\$ 14,968,218	\$ 12,424,252	\$ 27,392,470

See accompanying Notes to Financial Statements.

UNION LEAGUE BOYS AND GIRLS CLUBS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021 (RESTATED)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 1,472,146	\$ 916,710	\$ 2,388,856
In-Kind Donations	91,799	-	91,799
Government Grants and Contracts	3,883,570	-	3,883,570
Special Event Revenue	710,969	-	710,969
Income from Trusts	280,044	-	280,044
Net Realized and Unrealized Gains on Investments	1,337,603	495,326	1,832,929
Investment Income, Net	190,904	71,552	262,456
Change in Value of Split-Interests in Trusts	-	853,813	853,813
Employee Retention Credit	662,567	-	662,567
Other Income	12,686	-	12,686
Change in Cash Surrender Value of Life Insurance	-	42,193	42,193
Net Assets Released from Restrictions	<u>610,980</u>	<u>(610,980)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	9,253,268	1,768,614	11,021,882
EXPENSES			
Program Services:			
Club Operations	4,335,133	-	4,335,133
Camp	468,974	-	468,974
Scholarships	112,524	-	112,524
Support Services:			
Management and General	1,024,942	-	1,024,942
Fundraising	<u>824,353</u>	<u>-</u>	<u>824,353</u>
Total Expenses	<u>6,765,926</u>	<u>-</u>	<u>6,765,926</u>
CHANGE IN NET ASSETS	2,487,342	1,768,614	4,255,956
Net Assets - Beginning of Year	<u>15,383,870</u>	<u>11,471,263</u>	<u>26,855,133</u>
Prior Period Adjustment - See Note 17	<u>-</u>	<u>(276,989)</u>	<u>(276,989)</u>
NET ASSETS - END OF YEAR	<u><u>\$ 17,871,212</u></u>	<u><u>\$ 12,962,888</u></u>	<u><u>\$ 30,834,100</u></u>

See accompanying Notes to Financial Statements.

**UNION LEAGUE BOYS AND GIRLS CLUBS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services														Support Services			
	Club 1	Club Two	Barreto	Chopin	Clemente	Juvenile Temporary Detention Center	Hammond	Stagg	Nicholson	Wentworth	Science Club	Englewood High School	Camp	Scholarships	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses:																		
Salaries	\$ 763,325	\$ 298,479	\$ 1,432,706	\$ 116,769	\$ 138,392	\$ 80,541	\$ 154,557	\$ 218,545	\$ 156,574	\$ 116,530	\$ 48,289	\$ 221,051	\$ 39,495	\$ -	\$ 3,785,253	\$ 552,415	\$ 619,293	\$ 4,956,961
401(k) Contributions	15,000	4,564	22,074	771	2,515	2,392	3,609	4,129	3,148	2,301	816	4,156	56	-	65,531	8,699	12,681	86,911
Other Employee Benefits	34,401	14,196	55,040	5,509	9,427	847	2,469	15,313	2,074	2,086	2,414	2,553	9,481	-	155,810	68,060	81,509	305,379
Payroll Taxes	66,826	28,349	133,709	11,397	12,074	7,278	14,481	19,863	15,103	11,436	4,385	20,692	2,878	-	348,471	39,787	30,879	419,137
Total Salaries and Related Expenses	879,552	345,588	1,643,529	134,446	162,408	91,058	175,116	257,850	176,899	132,353	55,904	248,452	51,910	-	4,355,065	668,961	744,362	5,768,388
Professional Fees	3,192	298	36,126	3,278	-	-	-	-	3,278	3,278	-	3,278	44,301	-	97,029	129,808	67,281	294,118
Supplies	76,410	71,230	369,063	20,073	36,358	5,938	34,720	20,148	42,979	30,242	31,075	57,683	58,920	-	854,839	34,311	21,848	910,998
Telecommunications	16,755	600	11,246	-	600	-	-	600	-	-	-	389	6,172	-	36,362	4,512	-	40,874
Postage and Delivery	167	20	1,487	145	12	-	-	-	-	179	-	30	407	-	2,447	2,161	7,824	12,432
Occupancy Expenses	82,566	170	100,481	-	-	-	1,939	-	-	-	920	1,920	64,806	-	252,802	65,221	23,820	341,843
Equipment Rental and Maintenance	3,995	3,427	38,071	1,527	172	-	172	172	212	172	8,678	172	18,081	-	74,851	12,196	912	87,959
Printing and Publications	521	-	996	-	400	-	-	-	250	-	23	550	250	-	2,990	4,619	16,273	23,882
Transportation and Travel	34,980	13,797	58,916	509	6,954	-	2,156	10,482	3,852	7,161	4,978	10,077	29,790	-	183,652	30,500	4,436	218,588
Conferences and Meetings	8,194	1,037	4,310	336	779	16	460	757	340	323	1,577	12,662	1,806	1,855	34,452	49,720	24,758	108,930
Interest	416	416	416	-	-	-	-	-	-	-	-	-	4	-	1,252	190	159	1,601
Depreciation and Amortization	229,564	1,187	151,790	3,776	2,436	-	1,916	13,937	13,492	12,232	400	18,741	114,551	-	564,022	54,408	-	618,430
Insurance - General	32,329	6,470	33,264	1,288	1,328	-	1,817	-	-	-	1,720	-	15,102	-	93,318	23,889	460	117,667
Membership Dues	19,079	19,079	19,079	-	-	-	-	-	-	-	-	-	78,575	-	135,812	250	-	136,062
Other Fundraising Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,018	-	1,018
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	-	15,000
Bank Charges and Fees	12	-	103	-	-	-	12	-	-	-	-	-	109	-	236	5,696	7,142	13,274
Public Relations Expenses and Ads	-	-	-	-	-	-	-	-	-	-	-	-	75	-	75	125	1,599	1,799
Special Events:																		
Facility and Food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,955	116,955
Entertainment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,981	2,981
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,074	45,074
Other Expenses	1,805	685	4,283	-	193	-	-	-	-	-	462	-	949	500	8,877	88,014	136	97,027
Grants and Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	127,977	127,977	160	-	128,137
Total Functional Expenses	\$ 1,389,537	\$ 464,004	\$ 2,473,160	\$ 165,378	\$ 211,640	\$ 97,012	\$ 218,308	\$ 303,946	\$ 241,302	\$ 185,940	\$ 105,737	\$ 353,954	\$ 485,808	\$ 130,332	\$ 6,826,058	\$ 1,190,959	\$ 1,086,020	\$ 9,103,037

See accompanying Notes to Financial Statements.

**UNION LEAGUE BOYS AND GIRLS CLUBS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services													Support Services			Total		
	Club 1	Club Two	Barreto	Chopin	Clemente	Juvenile Temporary Detention Center	Hammond	Stagg	Nicholson	Wentworth	Science Club	Englewood High School	Camp	Scholarships	Total Program Services	Management and General		Fundraising	
Salaries and Related Expenses:																			
Salaries	\$ 672,328	\$ 226,916	\$ 754,801	\$ 55,122	\$ 147,336	\$ 51,880	\$ 131,185	\$ 166,092	\$ 80,168	\$ 50,817	\$ 56,629	\$ 121,560	\$ 114,719	\$ -	\$ 2,629,553	\$ 472,973	\$ 477,392	\$ 3,579,918	
401(k) Contributions	12,897	4,653	14,929	823	2,860	1,536	3,077	2,870	1,341	330	281	2,941	2,606	-	51,144	7,375	12,197	70,716	
Other Employee Benefits	35,218	14,482	45,343	7,334	10,771	587	1,772	14,792	1,271	1,177	803	1,482	13,833	-	148,865	60,767	73,969	283,601	
Payroll Taxes	56,885	20,039	65,196	4,754	12,719	4,557	11,574	14,325	7,395	5,002	5,342	10,874	9,076	-	227,738	46,668	21,985	296,391	
Total Salaries and Related Expenses	777,328	266,090	880,269	68,033	173,686	58,560	147,608	198,079	90,175	57,326	63,055	136,857	140,234	-	3,057,300	587,783	585,543	4,230,626	
Professional Fees	1,625	-	42,328	2,980	1,625	-	-	1,444	5,997	3,349	-	9,702	41,385	-	110,435	167,976	8,825	287,236	
Supplies	84,553	62,220	127,862	11,267	41,209	5,218	11,649	32,869	21,301	29,636	12,977	45,786	28,141	-	514,688	43,828	19,648	578,164	
Telecommunications	18,770	600	14,635	-	700	50	-	450	1,008	-	-	2,498	5,229	-	43,940	4,430	-	48,370	
Postage and Delivery	346	50	1,175	-	193	-	43	-	128	43	-	-	126	-	2,104	2,716	3,065	7,885	
Occupancy Expenses	67,965	-	82,315	-	-	-	519	1,140	6,370	1,140	-	230	59,483	-	219,162	64,787	-	283,949	
Equipment Rental and Maintenance	12,966	13,058	36,515	2,179	344	-	344	344	825	936	2,049	850	13,207	-	83,617	24,194	-	107,811	
Printing and Publications	614	232	1,825	258	327	24	24	332	82	-	-	582	1,057	-	5,381	6,810	18,521	30,712	
Transportation and Travel	17,972	8,326	8,586	1,527	911	30	2,448	2,589	3,006	1,571	1,350	413	8,479	-	57,208	15,431	6,831	79,470	
Conferences and Meetings	1,136	1,758	2,376	44	1,247	33	160	384	44	398	982	1,160	1,446	-	11,168	40,069	19,177	70,414	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,716	-	6,716	
Depreciation Expense	223,559	2,708	141,804	1,510	2,114	-	1,563	13,623	13,457	12,028	320	16,940	107,496	-	537,122	3,950	-	541,072	
Insurance - General	26,132	4,436	22,137	1,000	1,089	-	-	-	1,000	1,000	-	1,000	17,643	-	75,437	11,341	-	86,778	
Membership Dues	11,880	11,880	11,880	-	-	-	-	-	-	-	-	-	44,445	-	80,085	-	-	80,085	
Other Fundraising Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,078	1,370	2,448	
Bank Charges and Fees	127	37	79	-	-	-	-	13	-	-	-	20	50	-	326	6,859	10,506	17,691	
Public Relations Expenses and Ads	-	-	338	-	-	-	-	-	-	-	-	-	-	-	338	199	27,375	27,912	
Special Events:																			
Facility and Food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79,167	79,167
Entertainment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,234	17,234
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,332	24,332
Other Expenses	1,391	360	519	-	-	-	-	-	-	-	-	-	553	-	2,823	36,775	2,759	42,357	
Grants and Assistance	2,973	-	-	-	-	-	-	-	-	-	-	-	-	112,524	115,497	-	-	115,497	
Total Functional Expenses	\$ 1,249,337	\$ 371,755	\$ 1,374,643	\$ 88,798	\$ 223,445	\$ 63,915	\$ 164,358	\$ 250,959	\$ 143,643	\$ 107,509	\$ 80,733	\$ 216,038	\$ 468,974	\$ 112,524	\$ 4,916,631	\$ 1,024,942	\$ 824,353	\$ 6,765,926	

See accompanying Notes to Financial Statements.

UNION LEAGUE BOYS AND GIRLS CLUBS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021 (RESTATED)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (3,441,630)	\$ 4,255,956
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	618,430	541,072
Noncash Lease Gain	(68,401)	-
Provision for Bad Debts	15,000	-
Realized and Unrealized (Gain) Loss from Investments	2,922,003	(1,832,929)
Change in Cash Surrender Value Life Insurance	(6,008)	(42,193)
Donated Investments	(51,775)	(94,505)
Change in Fair Value of Beneficial Interests in Trusts	(166,104)	(853,813)
Contributions Restricted for Endowment	(150,500)	(21,500)
(Increase) Decrease in Assets:		
Contribution and Grants Receivable	127,575	(347,835)
Prepaid Expenses and Other Assets	(43,770)	(40,327)
Increase (Decrease) in Liabilities:		
Accounts Payable	(55,537)	(6,766)
Accrued Liabilities	81,228	(24,511)
Deferred Compensation	24,971	19,516
Deferred Revenue	(20,000)	20,000
Net Cash Provided (Used) by Operating Activities	(214,518)	1,572,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(339,442)	(368,508)
Proceeds from sales or property and equipment	98,283	-
Purchases of Investments	(2,911,655)	(3,109,155)
Proceeds from Sales of Investments	2,742,917	3,222,705
Net Cash Used by Investing Activities	(409,897)	(254,958)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on Line of Credit, Net	-	(601,511)
Payments on Finance Leases	44,696	-
Collection of Contribution Restricted for Endowment	150,500	21,500
Net Cash Provided (Used) by Financing Activities	195,196	(580,011)
NET INCREASE (DECREASE) IN CASH	(429,219)	737,196
Cash - Beginning of Year	1,258,026	520,830
CASH - END OF YEAR	\$ 828,807	\$ 1,258,026

See accompanying Notes to Financial Statements.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Union League Boys and Girls Clubs (ULBGC), located in Chicago, Illinois, is a nonprofit 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

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 has not experienced any losses on these accounts and does not believe it is exposed to any significant risk as of December 31, 2022 and 2021.

Investments

Investments are recorded at fair value based upon quoted market prices. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which is considered a reasonable measure of the fair value at the date of donation). Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by the donor or law.

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 8 for further disclosure.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Contributions Receivable

Contributions receivable are unconditional promises to give made to ULBGC and are recorded in the year the pledge is made. Amounts that are expected to be collected after one year are discounted and reflected in the financial statements at their net present value. An allowance for uncollectible contributions receivable is determined based on specific identification. The allowance for doubtful accounts – contributions receivable as of December 31, 2022 and 2021 was \$15,000 for both years.

Government Grants and Contracts Receivable

ULBGC's government grants and contracts receivable are uncollateralized accounts due from grantors and on contracts. The carrying amount is reduced by a valuation allowance which reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific receivables and the aging of those receivables. The allowance for doubtful accounts – government grants and contracts receivable as of December 31, 2022 and 2021 was \$-0- and \$5,000, respectively. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift, if donated. Acquisitions of property and equipment in excess of \$5,000 and have a useful life longer than one year are capitalized. Maintenance, repairs, and immaterial acquisitions funded through grants are expensed when incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. ULBGC records amounts incurred related to ongoing construction projects as construction in progress. When construction projects are completed, the amount incurred is transferred to the appropriate fixed asset category and depreciated.

Property and Equipment are depreciated using the straight-line method over their estimated useful lives. Estimated useful lives used in the calculation of depreciation are:

Buildings and Building Improvements	3 to 30 Years
Equipment	5 to 20 Years
Furniture and Fixtures	5 to 15 Years

Impairment of Long-Lived Assets

ULBGC reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interests in Trusts

ULBGC has a beneficial interest in certain perpetual trusts held by third parties. A perpetual trust is created when a donor establishes and funds a trust for the benefit of designed individuals or organizations and appoints a third-party administrator. These trust agreements generally grant ULBGC the irrevocable right to receive a defined share of the income earned on the trust assets in perpetuity, but provide no rights to the trust principal. Changes in the fair value of ULBGC interest in the trust's assets are reflected as gains or losses in the statements of activities in the period they occur. Distributions from the trusts are recognized as revenue in the period received.

Income from all trusts is recorded at the time the payment is received. Income of \$380,483 and \$280,044 was received from these trusts during the years ended December 31, 2022 and 2021, 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 statements of financial position as beneficial interests in trusts and is classified under net assets with donor restrictions. The change in fair value of \$166,104 and \$853,813 was recorded in the statements of activities and changes in net assets based on the fair value measurements as of December 31, 2022 and 2021, respectively.

Life Insurance Cash Surrender Value

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

Leases

ULBGC determines if an arrangement is a lease at inception. ULBGC's operating and finance leases are included in right-of-use (ROU) lease asset and lease liability. ROU assets represent ULBGC's right to use an underlying asset for the lease term and lease liabilities represent ULBGC's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that ULBGC will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. ULBGC has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, ULBGC has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ULBGC has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of ULBGC’s management and the board of trustees. The governing board has designated certain net assets without donor restrictions for a board-designated endowment, see Note 12.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor restrictions are temporary in nature; such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

Revenue Recognition

Contributions

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

ULBGC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions (Continued)

Conditional contributions, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. At December 31, 2022 and 2021, there were no contributions that have not been recognized in the accompany financial statements because the conditions have not been met.

In-Kind Donations

ULBGC reports various types of contributed goods and services as support, including supplies, professional services, and equipment. Donated supplies and equipment are recognized at their estimated values on the date received.

ULBGC reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions until the asset is placed in service.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Government Grants and Contracts

Revenues derived from cost-reimbursable grants, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when ULBGC has incurred expenditures in compliance with specific contract and grant provisions. Any amounts received in advance would be recorded as a refundable advance in the statements of financial position.

Conditional government grants and contracts, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. At December 31, 2022 and 2021, there were \$1,919,490 and \$2,136,889, respectively, of government grants and contracts that have not been recognized in the accompany financial statements because the conditions have not been met.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Special Event Revenue

Revenues derived from participant attendance at special events are recognized over time as the event is held. Payments to attend the event or for sponsorships that are received in advance are deferred. At December 31, 2022, December 31, 2021, and January 1, 2021, ULBGC had contract liabilities of \$-0-, \$20,000, and \$-0-, respectively, pertaining to advance payments for special events. Included in 2022 and 2021 special event revenue on the statements of activities is \$630,011 and \$611,711 of contributions and \$144,442 and \$99,258 of exchange revenue, respectively, for service performed at the event. There were no contract assets at December 31, 2022 and 2021.

Employee Retention Credit

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. On June 25, 2021 and December 14, 2021, ULBGC complied with the conditions of Employee Retention Credit (ERC) funding from the Internal Revenue Service in an amount totaling \$662,567 in compliance with the program. Revenue related to this program is included as employee retention credit revenue in the statement of activities for 2021 in the amount of \$662,567. Government grants and contracts receivables in the statement of financial position for 2022 includes a receivable related to the employee retention credit in the amount of \$416,538 that has not yet been received at December 31, 2022.

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. The expenses that are allocated include supplies, telecommunications, occupancy, and insurance – general. These expenses are allocated based on estimates of time and effort and occupancy of space. Depreciation expense is allocated based upon the physical location of the corresponding asset.

Tax-Exempt Status

ULBGC has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes. However, any unrelated business income may be subject to taxation. ULBGC has determined that it does not have any uncertain tax positions as of December 31, 2022 and 2021.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

Contributed Nonfinancial Assets

In September 2020, Financial Accounting Standards Board (FASB) issued amended guidance for contributed nonfinancial assets, Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The adoption of the new guidance in 2022 did not have a significant effect on the presentation or disclosures within ULBGC's financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Topic 842 increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ULBGC has adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this lease standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. Lease disclosure for the year ended December 31, 2021 is made under prior lease guidance FASB Accounting Standards Codification (ASC) 840.

ULBGC has elected to adopt the package of practical expedients available in the year of adoption. ULBGC has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of ULBGC's ROU assets.

Reclassifications

Certain reclassifications have been made to the 2021 financial statement amounts to conform to the 2022 classifications. These reclassifications did not impact the previously reported change in net assets.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management evaluated subsequent events through July 10, 2023, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to July 10, 2023 that provided additional evidence about conditions that existed at December 31, 2022, have been recognized in the financial statements for the year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2022.

NOTE 2 LIQUIDITY

The following reflects ULBGC's financial assets available for general use within one year of the December 31, 2022 and 2021 statements of financial position date, less amounts not readily available for expenditure.

	<u>2022</u>	<u>2021</u>
Cash	\$ 828,807	\$ 1,258,026
Contributions and Interest Receivable	182,958	277,086
Government Grants and Contracts Receivable	1,218,653	1,267,100
Investments	<u>12,014,746</u>	<u>14,716,236</u>
Financial Assets at Year-End	14,245,164	17,518,448
Less Those Unavailable for General Expenditures Within One Year Due to:		
Contractual or Donor-Imposed Restrictions:		
Net Assets With Donor Restrictions	5,402,337	6,107,077
Board-Designated Endowments	<u>4,114,129</u>	<u>5,044,450</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,728,698</u>	<u>\$ 6,366,921</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 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, 2022, ULBGC has available credit on the line of credit described in Note 8 that could be used to meet liquidity needs.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 3 FAIR VALUE MEASUREMENTS

As defined by current authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, ULBGC uses various valuation methods including the market, income, and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible ULBGC attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the inputs used in the valuation methods, ULBGC is required to provide certain information, which is set forth below, according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the inputs used to determine fair values. Assets and liabilities measured, reported, and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The table below presents the balances of assets measured at fair value on a reoccurring basis by level within the hierarchy at December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
U.S. Equity Securities	\$ 9,057,594	\$ -	\$ -	\$ 9,057,594
U.S. Money Market Mutual Funds	216,204	-	-	216,204
Corporate Bonds	223,311	1,738,135	-	1,961,446
U.S. Government Bonds	-	531,729	-	531,729
Beneficial Interest in Trusts	-	-	7,021,915	7,021,915
Total Investments at Fair Value	<u>\$ 9,497,109</u>	<u>\$ 2,269,864</u>	<u>\$ 7,021,915</u>	18,788,888
Cash and Cash Equivalents				<u>247,773</u>
Total Investments				<u>\$ 19,036,661</u>
Deferred Compensation Plan Liability	<u>\$ 195,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,770</u>
<u>December 31, 2021</u>				
U.S. Equity Securities	\$ 11,986,923	\$ -	\$ -	\$ 11,986,923
U.S. Mutual Funds	270,889	-	-	270,889
U.S. Money Market Mutual Funds	252,428	-	-	252,428
Corporate Bonds	-	1,758,197	-	1,758,197
U.S. Government Bonds	-	113,318	-	113,318
Beneficial Interest in Trusts	-	-	6,855,811	6,855,811
Total Investments at Fair Value	<u>\$ 12,510,240</u>	<u>\$ 1,871,515</u>	<u>\$ 6,855,811</u>	21,237,566
Cash and Cash Equivalents				<u>334,481</u>
				<u>\$ 21,572,047</u>
Deferred Compensation Plan Liability	<u>\$ 170,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,799</u>

The changes in Level 3 assets are measured at fair value on a reoccurring basis are summarized below as follows:

	<u>2022</u>	<u>2021</u>
Balance - Beginning of Year	\$ 6,855,811	\$ 6,278,987
Change in Fair Value	166,104	853,813
Minus: Prior Period Adjustment (See Note 16)	-	(276,989)
Balance - End of Year	<u>\$ 7,021,915</u>	<u>\$ 6,855,811</u>

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Level 1 Inputs

Investments in U.S. equity securities, U.S. mutual funds, and U.S. money market mutual funds are measured at fair value using quoted market prices.

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 Inputs

Investments in corporate bonds and U.S. government bonds were based on similar investments that are traded on the secondary market.

Level 3 Inputs

ULBGC's beneficial interest in perpetual trusts administered by a third party are classified as Level 3 as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). Since ULBGC has an irrevocable right to receive the income earned from the trusts' assets, the fair value of ULBGC's beneficial interest is estimated to approximate the fair value of the trusts' assets.

While ULBGC believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

NOTE 4 INVESTMENTS

Income derived from investments consists of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Realized Gains, Net	\$ 402,812	\$ 1,195,875
Unrealized Gains (Losses), Net	(3,324,815)	637,054
Interest and Dividends	219,407	369,687
Investment Fees	(101,012)	(107,231)
Total	<u>\$ (2,803,608)</u>	<u>\$ 1,458,331</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions are recorded at fair value initially and present value thereafter. ULBGC does not have any receivables due in excess of one year for the years ended December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Receivable in Less than One Year	\$ 197,958	\$ 292,086
Less: Allowance for Uncollectible Contributions	(15,000)	(15,000)
Net Balance	<u>\$ 182,958</u>	<u>\$ 277,086</u>

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 6 PROPERTY AND EQUIPMENT

The major categories of property and equipment at December 31 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 320,168	\$ 825,675
Buildings and Building Improvements	12,121,686	11,713,325
Equipment	1,516,863	1,187,897
Furniture and Fixtures	1,159,270	1,511,976
Construction in Progress	295,882	144,372
Total Cost	<u>15,413,869</u>	<u>15,383,245</u>
Less: Accumulated Depreciation	<u>8,895,246</u>	<u>8,537,808</u>
Property and Equipment, Net	<u>\$ 6,518,623</u>	<u>\$ 6,845,437</u>

Depreciation expense was \$567,973 and \$541,074 for 2022 and 2021, respectively.

NOTE 7 LEASES

ULBGC leases various equipment and vehicles for various terms under long-term, noncancelable lease arrangements. The leases expire at various dates through 2025. Rent expense for the years ended December 31, 2022 and 2021, was \$25,871 and \$52,782, respectively.

The following tables provide quantitative information concerning ULBGC's leases for the year ended December 31, 2022:

Lease Costs:

Finance Lease Costs:

Amortization of Right-of-Use Assets	\$ 50,442
Interest on Lease Liabilities	2,238
Operating Lease Costs	<u>14,555</u>
Total Lease Costs	<u>\$ 67,235</u>

Other Information:

Operating Cash Flows from Finance Leases	\$ 2,238
Operating Cash Flows from Operating Leases	14,555
Financing Cash Flows from Finance Leases	44,696
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	32,837
Weighted-Average Remaining Operating Lease Term - Finance Leases	2.6 years
Weighted-Average Remaining Operating Lease Term - Operating Leases	1.4 years
Weighted-Average Discount Rate - Finance Leases	1.20%
Weighted-Average Discount Rate - Operating Leases	0.88%

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 7 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>	<u>Financing Leases</u>
2023	\$ 14,555	\$ 54,567
2024	3,782	62,752
2025	290	46,790
Undiscounted Cash Flows	18,627	164,109
Less: Imputed Interest	(122)	(2,845)
Total Present Value	<u>\$ 18,505</u>	<u>\$ 161,264</u>
Short-Term Lease Liabilities	\$ 14,453	\$ 52,912
Long-Term Lease Liabilities	4,052	108,352
Total	<u>\$ 18,505</u>	<u>\$ 161,264</u>

ULBGC elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosure for the year ended December 31, 2021 were made under prior lease guidance in FASB ASC 840.

NOTE 8 LINE OF CREDIT

ULBGC had a \$2,000,000 line of credit available in 2022 and 2021. Borrowings under the BMO Harris line of credit bear interest at the London Interbank Offered Rate (LIBOR) plus 1.00% (5.19% and 1.10% as of December 31, 2022 and 2021, 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. The outstanding borrowing balance was \$-0- as of December 31, 2022 and 2021, respectively. Interest expense incurred during those years ended 2022 and 2021 were \$-0- and \$6,804, respectively. The agreement matured on September 20, 2022 and was amended to mature on September 21, 2024.

NOTE 9 CONTRIBUTED NONFINANCIAL ASSETS

ULBGC received the following contributions of nonfinancial assets for the year ending December 31:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 29,820	\$ -
Legal & Other Professional Services	5,875	3,475
Auction Items and Raffle Donations	46,661	29,107
Rent	65,119	59,217
Other Supplies & Apparel	11,251	-
Total Contributed Nonfinancial Assets	<u>\$ 158,726</u>	<u>\$ 91,799</u>

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 9 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

All contributed nonfinancial assets were utilized by ULBGC's programs and supporting services. There were no donor-imposed restrictions associated with the donated asset.

ULBGC reports gifts of equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions until the asset is placed in service.

Contributions of services (legal and other professional) are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased or not provided by donations. Such services totaled \$5,875 and \$3,475 for the years ended December 31, 2022 and 2021, respectively, and were legal services received.

ULBGC received items to be sold at its annual gala and other fundraising events, and it is the ULBGC's policy to sell all auction items and raffle donations received. Contributed auction items and raffle donations are valued at their estimated fair value upon receipt.

ULBGC receives donated rent that is recorded at the fair market value of the space used (square footage multiplied by the fair market value per square foot).

Contributed other supplies and apparel were valued at their estimated fair value upon receipt and utilized in the ULBGC's operations and programs.

BGCC also received contributed services for its various programs from volunteers which do not meet the recognition criteria described above. No amounts have been reflected in the financial statements for these contributed services.

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% of compensation. Contributions to the plan totaled \$86,914 and \$70,718 for the years ended December 31, 2022 and 2021, 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 statements of financial position as investments and deferred compensation, respectively.

**UNION LEAGUE BOYS AND GIRLS CLUBS
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NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Program Services	\$ 2,066,509	\$ 1,952,313
Club One Renovations	3,894	24,061
Total	<u>2,070,403</u>	<u>1,976,374</u>
Subject to the Passage of Time:		
5304 S Avers Property	-	140,000
Total	<u>-</u>	<u>140,000</u>
Subject to Endowment Spending Policy and Appropriation	331,654	1,146,933
To Be Maintained in Perpetuity:		
Donor-Restricted Endowment Funds:		
General	2,018,534	2,012,524
Scholarships	907,553	757,053
Camp	74,193	74,193
Beneficial Interest in Trusts	7,021,915	6,855,811
Total	<u>10,022,195</u>	<u>9,699,581</u>
Total Net Assets With Donor Restrictions	<u>\$ 12,424,252</u>	<u>\$ 12,962,888</u>

Net assets were released from donor restrictions when payments were made in satisfaction of the restrictions during the years ended December 31, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Summer Camp Operation	\$ 16,700	\$ 73
Scholarships	75,929	81,000
Food Service - Operation of Kid's Café	-	1,000
Technology Project	-	44,286
Science Club	157,386	134,931
Club One Renovations	20,166	18,314
Club Tech Center of Excellence	-	30,000
5304 S Avers Property	140,000	-
Appropriation of Endowment	42,627	105,601
Restricted for Programs	383,536	195,775
Total	<u>\$ 836,344</u>	<u>\$ 610,980</u>

**UNION LEAGUE BOYS AND GIRLS CLUBS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021 (RESTATED)**

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.

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

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NOTES TO FINANCIAL STATEMENTS
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NOTE 12 DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

As of December 31, 2022 and 2021, ULBGC had the following endowment net asset composition by type of fund:

December 31, 2022	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 4,114,129	\$ -	\$ 4,114,129
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	3,000,280	3,000,280
Accumulated Investment Gains	-	331,654	331,654
Total	<u>\$ 4,114,129</u>	<u>\$ 3,331,934</u>	<u>\$ 7,446,063</u>
December 31, 2021	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 5,044,450	\$ -	\$ 5,044,450
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	2,843,770	2,843,770
Accumulated Investment Gains	-	1,146,933	1,146,933
Total	<u>\$ 5,044,450</u>	<u>\$ 3,990,703</u>	<u>\$ 9,035,153</u>

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DECEMBER 31, 2022 AND 2021 (RESTATED)**

NOTE 12 DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

<u>December 31, 2022</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 5,044,450	\$ 3,990,703	\$ 9,035,153
Investment Loss, Net	(976,672)	(766,642)	(1,743,314)
Contributions	-	150,500	150,500
Board Approved	46,351	-	46,351
Appropriation of Endowment Assets for Expenditure	-	(42,627)	(42,627)
Endowment Net Assets - End of Year	<u>\$ 4,114,129</u>	<u>\$ 3,331,934</u>	<u>\$ 7,446,063</u>
<u>December 31, 2021</u>			
Endowment Net Assets - Beginning of Year	\$ 4,589,499	\$ 3,521,274	\$ 8,110,773
Investment Return, Net	755,951	609,071	1,365,022
Contributions	-	21,500	21,500
Appropriation of Endowment Assets for Expenditure	(301,000)	(161,142)	(462,142)
Endowment Net Assets - End of Year	<u>\$ 5,044,450</u>	<u>\$ 3,990,703</u>	<u>\$ 9,035,153</u>

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, 2022, there were four funds totaling \$11,497 in deficiencies. As of December 31, 2021, 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% 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.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 12 DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

ULBGC has a policy of appropriating for distribution each year up to 5% 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 CASH FLOW DISCLOSURES

Cash paid for interest during 2022 and 2021 was \$-0- and \$6,716, respectively.

There were no noncash investing or financing transactions for the year ended December 31, 2022 and 2021.

NOTE 14 PAYCHECK PROTECTION PROGRAM LOAN

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. On April 24, 2020, ULBGC received a loan from BMO Harris Bank in the amount of \$617,500 to fund payroll and utilities through the Paycheck Protection Program (PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if ULBGC fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 24, 2020 to October 8, 2020 is the time that ULBGC had to spend their PPP Loan funds.

Grants related to this program are recorded as revenue in the statement of activities as Forgiveness of Paycheck Protection Program Loan. ULBGC recognized \$617,500 of revenue related to this agreement during the year ended December 31, 2020, which represents the portion of the PPP Loan funds for which forgiveness is probable. As of December 31, 2020, ULBGC applied for full forgiveness; however, did not receive official acceptance of the forgiveness application by the SBA. ULBGC received notification from the SBA of full forgiveness on January 8, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on ULBGC's financial position.

**UNION LEAGUE BOYS AND GIRLS CLUBS
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NOTE 15 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 \$65,119 and \$59,217 for the years ended December 31, 2022 and 2021, respectively. The amount is reported as in-kind donations without donor restrictions in the statements of activities and changes in net assets and included in occupancy expenses in the statements of functional expenses.

Accounts Receivable

At December 31, 2022 and 2021, ULBGC had accounts receivable from Union League Club of Chicago for contributions from members totaling \$131,458 and \$109,188, respectively.

Accounts Payable

At December 31, 2022 and 2021, 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 \$11,710 and \$22,495, respectively.

As December 31, 2022 and 2021, ULBGC had accounts payable to Boys and Girls Club of America totaling \$-0- and \$10,000, respectively.

NOTE 16 COMMITMENTS AND CONTINGENCIES

Financial Awards from Grantors

Financial awards from federal, state, and local governments in the form of grants are subject to special audit. Such audits could result in claims against ULBGC for disallowed costs or noncompliance with grantor requirements. No provision has been made for any liabilities that may arise from such audits because the amounts, if any, cannot be determined at this time.

Litigation

ULBGC is party to various legal actions that are incidental to its activities, the outcomes of which cannot be predicted with certainty net of potential insurance proceeds. Management believes the outcomes of these legal proceedings, either individually or combined, will not have a materially adverse impact on ULBGC's financial position or activities.

**UNION LEAGUE BOYS AND GIRLS CLUBS
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NOTE 17 PRIOR PERIOD ADJUSTMENT

The accompanying financial statements reflect a restatement of beginning of year net assets to include an adjustment to the beneficial interests in trusts and change in value of split interests in trusts as a result in an error in the calculation of a specific trust at December 31, 2021. The effect of this restatement decreased the beneficial interests in trusts by \$276,989 and decreased the change in value of split interests in trusts by \$276,989 for the year ending December 31, 2021. The effect of this entry was a restatement to decrease net assets with donor restrictions as of December 31, 2021 by \$276,989.



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