

**BOYS & GIRLS CLUBS OF THE VALLEY
FOUNDATION**

FINANCIAL STATEMENTS

Year Ended June 30, 2022

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

FINANCIAL STATEMENTS

Year Ended June 30, 2022

CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Change in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 14



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

Opinion

We have audited the financial statements of ***Boys & Girls Clubs of the Valley Foundation*** (the "Organization") which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Organization's ability to continue as a going concern for one year after the date that 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 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, 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 the Organization'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 the Organization'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.

Mayer Hoffman McCann P.C.

December 14, 2022

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 4,651,355
Pledge receivable	38,885
Investments	<u>8,500,311</u>
TOTAL CURRENT ASSETS	13,190,551
ENDOWMENT PLEDGES RECEIVABLE	285,017
INVESTMENTS	4,656,540
CASH SURRENDER VALUE OF LIFE INSURANCE	<u>158,782</u>
 TOTAL ASSETS	 <u>\$ 18,290,890</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Contributions payable to the Clubs	\$ 898,785
Accounts payable to the Clubs	612,070
Accrued expenses	<u>31,560</u>
TOTAL CURRENT LIABILITIES	<u>1,542,415</u>
NET ASSETS	
Without donor restrictions	11,806,918
With donor restrictions	<u>4,941,557</u>
TOTAL NET ASSETS	<u>16,748,475</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,290,890</u>

See Notes to Financial Statements

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUES			
Contributions	\$ 744,823	164,282	\$ 909,105
Investment income, net	247,185	206,772	453,957
Change in cash surrender value of life insurance	2,041	-	2,041
Total support and revenues before net assets released from restrictions	994,049	371,054	1,365,103
Net assets released from restrictions	88,471	(88,471)	-
TOTAL SUPPORT AND REVENUES	1,082,520	282,583	1,365,103
EXPENSES			
Annual contribution to the Clubs	493,140	-	493,140
Personnel costs	237,625	-	237,625
Professional fees	101,474	-	101,474
Insurance	22,772	-	22,772
Property taxes	3,705	-	3,705
Occupancy	3,457	-	3,457
Equipment and maintenance	43,538	-	43,538
Conferences and meetings	10,868	-	10,868
Telephone	631	-	631
Printing and publications	771	-	771
Supplies	2,047	-	2,047
Postage	89	-	89
TOTAL EXPENSES	920,117	-	920,117
NET REALIZED AND UNREALIZED LOSSES	(1,144,167)	(956,723)	(2,100,890)
LOSS ON SALE OF LAND	(255,242)	-	(255,242)
CHANGE IN NET ASSETS	(1,237,006)	(674,140)	(1,911,146)
NET ASSETS, BEGINNING OF YEAR	6,043,924	5,615,697	11,659,621
TRANSFER OF NET ASSETS FROM BOYS & GIRLS CLUBS OF THE VALLEY	7,000,000	-	7,000,000
NET ASSETS, END OF YEAR	\$ 11,806,918	\$ 4,941,557	\$ 16,748,475

See Notes to Financial Statements

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Social Adjustment, Development and Recreation Programs	Management and General	Fundraising	Totals
Annual contribution to the Clubs	\$ 493,140	\$ -	\$ -	\$ 493,140
Personnel costs	-	166,338	71,287	237,625
Professional fees	-	53,974	47,500	101,474
Insurance	-	22,772	-	22,772
Property taxes	-	3,705	-	3,705
Occupancy	-	3,457	-	3,457
Equipment and maintenance	-	468	43,070	43,538
Conferences and meetings	-	1,868	9,000	10,868
Telephone	-	631	-	631
Printing and publications	-	771	-	771
Supplies	-	2,047	-	2,047
Postage	-	89	-	89
TOTAL EXPENSES	<u>\$ 493,140</u>	<u>\$ 256,120</u>	<u>\$ 170,857</u>	<u>\$ 920,117</u>

See Notes to Financial Statements

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (1,911,146)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Unrealized losses on investments	2,100,860
Realized losses on investments	30
Loss on sale of land held for investment	255,242
Change in discount on pledges receivable	(23,431)
Contributions restricted in perpetuity	(140,851)
Changes in operating assets and liabilities:	
Increase (decrease) in:	
Pledges receivable	(38,885)
Contributions payable to the Clubs	493,140
Accounts payable to the Clubs	496,378
Accrued expenses	31,560
Net cash provided by operating activities	<u>1,262,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of land held for investment	150,000
Proceeds from sales of investments	1,267
Purchases of investments	(4,348,393)
Change in cash surrender value of life insurance	<u>(2,041)</u>
Net cash used in investing activities	<u>(4,199,167)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Transfer of assets from Boys & Girls Clubs of the Valley	7,000,000
Proceeds from receipt of contributions restricted in perpetuity	<u>439,167</u>
Net cash provided by financing activities	<u>7,439,167</u>
CHANGE IN CASH AND CASH EQUIVALENTS	4,502,897
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>148,458</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,651,355</u>

See Notes to Financial Statements

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

(1) Foundation operations and summary of significant accounting policies

Nature of operations - *Boys & Girls Clubs of the Valley Foundation* (the "Foundation"), an Arizona nonprofit organization, was incorporated in 1984 to oversee the assets of the former endowment fund of Boys & Girls Clubs of the Valley (the "Clubs") to ensure the long-term viability of the Clubs. The bylaws of the Foundation limit expenditures to those that pay Foundation expenses or those that are for the benefit of the Clubs. The Foundation made a contribution to the Clubs of \$493,140 in 2022 which is included in contributions payable to the Clubs as of June 30, 2022. The mission of the Foundation also includes marketing endowment-giving programs and estate planning opportunities on behalf of the Clubs. Endowment gifts ensure support for the programs of the Clubs in perpetuity.

The significant accounting policies followed by the Foundation are as follows:

Basis of presentation - The accompanying financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Management's 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 revenues and expenses during the reporting year. Actual results could differ from those estimates.

Contributions - The Foundation evaluates grants and contributions for evidence of the transfer of commensurate value from the Foundation to the grantor or resource provider. The transfer of commensurate value from the Foundation to the grantor or resource provider may include instances when a) the goods or services provided by the Foundation directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Foundation. When such factors exist, the Foundation accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customers*, or other appropriate guidance. In the absence of these factors, the Foundation accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from the Foundation to the resource provider, the Foundation evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Foundation or the right of return to the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Foundation and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Foundation to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

(1) Foundation operations and summary of significant accounting policies (continued)

The Foundation recognizes amounts received from unconditional contributions at the time the Foundation receives notification of the award. Contributions that include conditions imposed by the grantor or resource provider are recognized when those conditions are met by the Foundation. As of June 30, 2022, the Foundation had no contributions that are conditional in nature.

The Foundation accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions. Restricted support, where restrictions are met in the same period as the contribution is made, is shown as unrestricted support. One donation from a single donor represents approximately 70% of total contributions for the year ended June 30, 2022.

Bequests - Bequests are recognized as contribution revenue in the period the Foundation receives notification the court has found the will of the donor's estate to be valid and all conditions have been substantially met.

Cash and cash equivalents - Cash and cash equivalents consists of cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at each financial institution are insured in limited amounts by the Federal Deposit Insurance Corporation ("FDIC").

Investments - The Foundation accounts for investments in accordance with FASB ASC 958-321, *Not-for-Profit Entities - Investments - Equity Securities*, FASB ASC 958-320, *Not-for-Profit Entities - Investments - Debt Securities* and FASB ASC 958-325, *Not-for-Profit Entities - Investments - Other*. Under FASB ASC 958-320 and FASB ASC 958-321, the Foundation reports investments in equity and debt securities at fair value in the statement of financial position. The fair value of marketable equity securities with readily determinable fair values are based on quoted market prices. The fair value of the Foundation's equity investment in a fund that it does not have a readily determinable fair value is measured using the net asset value ("NAV") practical expedient. The fair value of fixed income securities are measured using quoted market prices multiplied by the quantity held when quoted market prices are observable. If quoted market prices are not available, fair value is determined using one, or a combination, of the following methods (1) a matrix pricing for similar bonds, (2) quoted prices for recent trading activity of assets with similar characteristics to the bond or (3) using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded debt markets for debt of similar terms to companies with comparable credit risk and a credit value adjustment to consider the likelihood of counterparty nonperformance, after consideration for the impact of collateralization and netting agreements, if applicable.

Under FASB ASC 958-325, investments not accounted for under FASB 958-320 or FASB 958-321, including land held for investment, are generally recorded at the lower of cost or fair value.

A portion of the investments are held for the endowment fund and are net assets with donor restrictions. Based on the long-term nature of the endowment fund, such investments are classified as long-term assets in the accompanying statement of financial position.

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

(1) **Foundation operations and summary of significant accounting policies (continued)**

Investment income includes interest income recorded on the accrual basis and dividends recorded on the ex-dividend date. Purchases and sales of investment securities are reflected on a trade-date basis. Realized gains and losses are calculated using the average cost for securities sold. Changes in the value of investments held are shown as unrealized gains or losses. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect account balances and the amounts in the accompanying financial statements.

Pledges receivable - Pledges receivable (promises to give) that are to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, pledges receivable are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the receivable is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the organization's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The pledges receivable at June 30, 2022 are considered by management to be collectible in full, and accordingly, an allowance for uncollectible pledges receivable is not considered necessary.

Functional expenses - Expenses are charged to programs, management and general, and fundraising categories based on direct expenditures incurred. Any expenditures not directly chargeable are allocated based on personnel activity or other appropriate indicators. Certain costs have been allocated among the program and supporting services benefits. Expenses allocated to more than one function are charted to program and supporting services on the basis of personnel activity and other appropriate allocation methods.

Income tax status - The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC") and, accordingly, there is no provision for income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 of the IRC and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income ("UBTI") would be taxable. The Foundation evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Foundation's federal Return of Organizations Exempt from Income Tax (Form 990) for fiscal 2019, 2020 and 2021 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed. As of the date of this report, the 2022 Form 990 has not been filed.

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

(1) Foundation operations and summary of significant accounting policies (continued)

Fair value measurement - FASB ASC 820, *Fair Value Measurement*, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

Subsequent events - The Foundation has evaluated events through December 14, 2022, which is the date the financial statements were available to be issued.

(2) Availability of resources and liquidity

The following represents the Foundations financial assets at June 30, 2022:

Financial assets:	
Cash and cash equivalents	\$ 4,651,355
Pledges receivable	323,902
Investments	13,156,851
Cash surrender value of life insurance	158,782
Total financial assets	<u>\$ 18,290,890</u>
Less assets restricted due to:	
Investment subject to liquidation restrictions	(869,806)
Donor restrictions	<u>(4,941,557)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 12,479,527</u>

The Foundation's goal is generally to maintain financial assets to meet at least over 360 days of cash operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including asset allocation mutual funds and short-term fixed income mutual funds.

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

(3) Investments

Investments consist of the following at June 30, 2022:

Capital appreciation funds:	
Global and international mutual funds	\$ 3,765,811
Domestic large cap mutual funds	901,472
Other equity mutual funds	2,042,109
Emerging markets mutual funds	385,641
Asset allocation mutual funds	2,871,124
Total capital appreciation funds	<u>9,966,157</u>
Capital preservation funds:	
Fixed income bond mutual funds	1,662,776
Other capital preservation funds	658,112
Total capital preservation funds	<u>2,320,888</u>
Closed end portfolio fund	869,806
Total Investments	<u>\$ 13,156,851</u>

(4) Pledges receivable

Pledges receivable as of June 30, 2022 consist of an existing receivable initially pledged in fiscal 2021 with an outstanding balance as of June 30, 2022 of \$164,167, and two new unconditional promises to give totaling \$159,735 received in fiscal 2022. The total pledges receivable balance was \$323,902 at June 30, 2022, and is expected to be fully collectible within one year. Of these pledged funds, \$285,017 is restricted for investment in a perpetual endowment. The balance of pledged funds restricted for endowment investment includes \$120,850 related to a donation that was collected by the Clubs during fiscal 2022 and subsequently transferred to the Foundation in August 2022.

(5) Cash surrender value of life insurance

The Foundation is the named beneficiary of a life insurance policy of a board member. The face amount of the policy is approximately \$500,000. The policy is recorded at its cash surrender value. Policy earnings and losses are included in the accompanying statement of activities and change in net assets. Policy expenses are included in insurance expense in the accompanying statement of functional expenses.

(6) Endowments

The endowments consist of several individual funds established for a variety of purposes. The endowments are donor-restricted to be held in perpetuity and earnings on the endowments are restricted based on the donor intent. As required by GAAP, 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.

In September 2008, the State of Arizona enacted ARS§10-11801 et seq Management of Charitable Funds Act ("MCFA"). The Board of Trustees of the Foundation has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

(6) Endowments (continued)

As a result of this interpretation, the Foundation classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets subject to purpose or time restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation 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). The Foundation targets a diversified asset allocation that consists of equity-based investments and mutual funds. The Foundation utilizes the services of a financial advisor that provides input into the investment strategy and policy.

The Foundation's annual appropriations are at the discretion of the Board of Trustees unless specific instructions were provided by the endowment donor.

Endowment net asset composition by type of fund as of June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments – held in perpetuity	\$ -	\$ 5,494,962	\$ 5,494,962
Net accumulated losses on donor restricted endowments subject to spending policies	-	(838,422)	(838,422)
Endowment net assets, total funds	\$ -	\$ 4,656,540	\$ 4,656,540

The changes in endowment net assets as of June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	\$ -	\$ 5,055,795	\$ 5,055,795
Contributions and pledge payments	-	439,167	439,167
Investment return (loss):			
Investment income	-	206,772	206,772
Realized and unrealized losses	-	(956,723)	(956,723)
Amounts appropriated for Expenditure	-	(88,471)	(88,471)
Endowment net assets, June 30, 2022	\$ -	\$ 4,656,540	\$ 4,656,540

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 MCFA requires the Foundation to retain as a fund of perpetual duration. The Foundation has adopted a spending policy that limits spending from underwater donor restricted endowment funds until such time that the balance within that fund has been restored to the level required to be maintained in perpetuity. As of June 30, 2022, there were no underwater donor restricted endowment funds.

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

(7) Net assets with donor restrictions

Net assets with donor restrictions are restricted for purposes or periods as follows at June 30, 2022:

Pledges restricted for endowment	\$ 285,017
Endowments subject to donor restrictions	<u>4,656,540</u>
Total net assets with donor restrictions	<u>\$ 4,941,557</u>

(8) Fair value measurement

The following table summarizes the valuation of the Foundation's assets subject to recurring fair value measurement by the above FASB ASC 820 categories as of June 30, 2022:

	Total	Level 1	Level 2	Level 3
Capital appreciation funds:				
Global and international mutual Funds	\$ 3,765,811	\$ 3,765,811	\$ -	\$ -
Domestic large cap mutual Funds	901,472	901,472	-	-
Other equity mutual funds	2,042,109	2,042,109	-	-
Emerging markets mutual Funds	385,641	385,641	-	-
Asset allocation mutual funds	<u>2,871,124</u>	<u>2,871,124</u>	-	-
Total capital appreciation funds	<u>9,966,157</u>	<u>9,966,157</u>	-	-
Capital preservation funds:				
Fixed income bond mutual funds	1,662,776	1,662,776	-	-
Other capital preservation funds	<u>658,112</u>	<u>658,112</u>	-	-
Total capital preservation funds	<u>2,320,888</u>	<u>2,320,888</u>	-	-
Total	<u>\$ 12,287,045</u>	<u>\$ 12,287,045</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the nature and risk of the investments which are reported at NAV as of June 30, 2022 and not included in the fair value table above:

	2022 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Evanston	\$ 869,806	\$ -	N/A	N/A

Evanston Alternative Opportunities Fund ("Evanston") is registered under the Investment Company Act of 1940 as a closed-end, non-diversified, management investment company. Evanston's investment objective is to seek long-term risk adjusted returns. Evanston is a "fund of funds" formed to invest substantially all of its assets in hedge funds that are managed by independent investment managers. Many of the portfolio funds seek to achieve their investment objectives with minimal correlation with traditional equity or fixed income indices. No fund investor can require the Fund to redeem shares. However, Evanston intends to conduct quarterly tender offers that are expected to be limited to the repurchase of approximately 5% to 25% of the outstanding shares, at the funds' Board of Trustee's discretion. Evanston offers subscriptions on a monthly basis and does not seek future funding commitments from investors.

The Foundation had no other assets or liabilities subject to fair value measurement other than at initial recognition.

BOYS & GIRLS CLUBS OF THE VALLEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

(9) Related party transactions

Accounts payable to the Clubs related to reimbursement of operational activity costs and other costs paid by the Clubs on behalf of the Foundation was \$612,070 at June 30, 2022. Expenses incurred during 2022 by the Clubs on behalf of the Foundation, totaling \$238,661, are included in accounts payable to the Clubs and in the accompanying statement of functional expenses. Contributions payable by the Foundation to the Clubs was \$898,785 as of June 30, 2022.

The Clubs collected a \$120,850 gift on behalf of the Foundation which is included in pledges receivable in the accompanying statement of financial position.

In fiscal 2022, the Board of Directors of the Clubs approved a \$7,000,000 transfer of cash from the Clubs to the Foundation to be invested at the discretion of the Foundation.