

**GENESIS CLUB HOUSE, INC.**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**JUNE 30, 2021 AND 2020**

# GENESIS CLUB HOUSE, INC.

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# INDEPENDENT AUDITORS' REPORT

December 2, 2021

The Board of Directors  
Genesis Club House, Inc.

## Report on the Financial Statements

We have audited the accompanying financial statements of Genesis Club House, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

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

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesis Club House, Inc. as of June 30, 2021 and 2020, 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.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2021, on our consideration of Genesis Club House, Inc.'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 results of that testing, and not to provide an opinion on the effectiveness of Genesis Club House, Inc.'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 Genesis Club House, Inc.'s internal control over financial reporting and compliance.

*O'Connor, Maloney and Company*

Certified Public Accountants

**GENESIS CLUB HOUSE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>Current</b>		
Cash and Cash Equivalents	1,670,632	1,250,465
Accounts Receivable	142,268	212,225
Pledges Receivable, Net	76,794	600
Investments	225,796	24,930
Prepaid Expenses	28,258	34,525
Total	2,143,748	1,522,745
<b>Pledges Receivable, Net</b>	73,136	-
<b>Property, Plant and Equipment, Net</b>	1,384,290	1,458,071
<b>Total Assets</b>	3,601,174	2,980,816

**LIABILITIES AND NET ASSETS**

<b>Current</b>		
Current Portion of Long-Term Debt	56,976	104,433
Accounts Payable	26,824	16,289
Accrued Expenses	137,569	131,993
Deferred Revenue	95,350	84,350
Total	316,719	337,065
<b>Long-Term Debt</b>	-	185,914
<b>Total Liabilities</b>	316,719	522,979
<b>Net Assets</b>		
Without Donor Restrictions	3,013,825	2,355,837
With Donor Restrictions	270,630	102,000
Total Net Assets	3,284,455	2,457,837
<b>Total Liabilities and Net Assets</b>	3,601,174	2,980,816

See accompanying notes to financial statements.

**GENESIS CLUB HOUSE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Grants and Donations	413,248	455,597	868,845	485,296	163,200	648,496
Program Service Fees	1,457,123		1,457,123	1,518,590		1,518,590
Investment Return	5,724		5,724	(227)		(227)
Cancellation of Debt	178,930		178,930			
Other	135,346		135,346	147,969		147,969
Net Assets Released from Restrictions	286,967	(286,967)	-	135,024	(135,024)	-
<b>Total Support and Revenue</b>	<u>2,477,338</u>	<u>168,630</u>	<u>2,645,968</u>	<u>2,286,652</u>	<u>28,176</u>	<u>2,314,828</u>
<b>Expenses</b>						
Program Services:						
Club House	1,230,480		1,230,480	1,163,798		1,163,798
Supported Housing	19,903		19,903	26,846		26,846
Competitive Integrated Employment Services	143,446		143,446	139,518		139,518
Colleague Training	34,463		34,463	31,880		31,880
Supported Housing-HUD	117,668		117,668	116,010		116,010
<b>Total Program Services</b>	<u>1,545,960</u>	<u>-</u>	<u>1,545,960</u>	<u>1,478,052</u>	<u>-</u>	<u>1,478,052</u>
Supporting Services:						
Fundraising	21,609		21,609	21,447		21,447
Management and General	251,781		251,781	255,531		255,531
<b>Total Expenses</b>	<u>1,819,350</u>	<u>-</u>	<u>1,819,350</u>	<u>1,755,030</u>	<u>-</u>	<u>1,755,030</u>
<b>Increase in Net Assets</b>	657,988	168,630	826,618	531,622	28,176	559,798
<b>Net Assets, Beginning</b>	<u>2,355,837</u>	<u>102,000</u>	<u>2,457,837</u>	<u>1,824,215</u>	<u>73,824</u>	<u>1,898,039</u>
<b>Net Assets, Ending</b>	<u>3,013,825</u>	<u>270,630</u>	<u>3,284,455</u>	<u>2,355,837</u>	<u>102,000</u>	<u>2,457,837</u>

See accompanying notes to financial statements.

**GENESIS CLUB HOUSE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Club House	Supported Housing	Competitive Integrated Employment Services - West	Colleague Training	Supported Housing- HUD	Total Program Services	Fund- raising	Management and General	Total
Salaries and Related Costs	806,495	18,892	131,405	13,023	104,044	1,073,859	809	198,158	1,272,826
Occupancy	212,489	316	1,352	13,122	4,020	231,299		6,170	237,469
Other Program/Operating Expenses	39,697		7,544	1,111		48,352			48,352
Administrative Expenses	<u>113,370</u>	<u>55</u>	<u>412</u>	<u>3,611</u>	<u>1,483</u>	<u>118,931</u>	<u>20,800</u>	<u>35,586</u>	<u>175,317</u>
Subtotal	1,172,051	19,263	140,713	30,867	109,547	1,472,441	21,609	239,914	1,733,964
Depreciation and Amortization	<u>58,429</u>	<u>640</u>	<u>2,733</u>	<u>3,596</u>	<u>8,121</u>	<u>73,519</u>		<u>11,867</u>	<u>85,386</u>
<b>Total</b>	<u><u>1,230,480</u></u>	<u><u>19,903</u></u>	<u><u>143,446</u></u>	<u><u>34,463</u></u>	<u><u>117,668</u></u>	<u><u>1,545,960</u></u>	<u><u>21,609</u></u>	<u><u>251,781</u></u>	<u><u>1,819,350</u></u>

See accompanying notes to financial statements.

**GENESIS CLUB HOUSE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Club House	Supported Housing	Competitive Integrated Employment Services - State	Competitive Integrated Employment Services - West	Colleague Training	Supported Housing - HUD	Total Program Services	Fund-raising	Management and General	Total
Salaries and Related Costs	712,306	25,784	10,004	115,230	3,652	101,780	968,756	18,592	206,675	1,194,023
Occupancy	222,341	348	119	1,369	15,310	4,428	243,915		1,880	245,795
Other Program/Operating Expenses	82,607		722	8,322	2,644		94,295	72		94,367
Administrative Expenses	87,580	82	84	969	6,723	1,783	97,221	2,783	37,166	137,170
<b>Subtotal</b>	<b>1,104,834</b>	<b>26,214</b>	<b>10,929</b>	<b>125,890</b>	<b>28,329</b>	<b>107,991</b>	<b>1,404,187</b>	<b>21,447</b>	<b>245,721</b>	<b>1,671,355</b>
Depreciation and Amortization	58,964	632	216	2,483	3,551	8,019	73,865		9,810	83,675
<b>Total</b>	<b>1,163,798</b>	<b>26,846</b>	<b>11,145</b>	<b>128,373</b>	<b>31,880</b>	<b>116,010</b>	<b>1,478,052</b>	<b>21,447</b>	<b>255,531</b>	<b>1,755,030</b>

See accompanying notes to financial statements.



**GENESIS CLUB HOUSE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	<u>826,618</u>	<u>559,798</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	85,386	83,675
Unrealized Loss on Investments	8	1,398
Cancellation of Debt	(178,930)	-
(Increase) Decrease in Accounts Receivable	69,957	(96,680)
(Increase) Decrease in Pledges Receivable, Net	(149,330)	59,924
Decrease in Prepaid Expenses	6,267	644
Increase (Decrease) in Accounts Payable	10,535	(7,663)
Increase in Deferred Revenue	11,000	56,675
Increase in Accrued Expenses	<u>5,576</u>	<u>21,370</u>
Total Adjustments	<u>(139,531)</u>	<u>119,343</u>
Net Cash Provided by Operating Activities	<u>687,087</u>	<u>679,141</u>
<b>Cash Flows from Investing Activities</b>		
Investment Purchases	(200,874)	(749)
Capital Expenditures	<u>(11,605)</u>	<u>(103,127)</u>
Net Cash Used in Investing Activities	<u>(212,479)</u>	<u>(103,876)</u>
<b>Cash Flows from Financing Activities</b>		
Repayments of Amounts Borrowed	(54,441)	(52,001)
Proceeds from Long-Term Debt	<u>-</u>	<u>178,930</u>
Net Cash Provided by (Used in) Financing Activities	<u>(54,441)</u>	<u>126,929</u>
<b>Net Increase in Cash and Cash Equivalents</b>	420,167	702,194
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,250,465</u>	<u>548,271</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>1,670,632</u></u>	<u><u>1,250,465</u></u>

See accompanying notes to financial statements.

**GENESIS CLUB HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 1. Organization**

Genesis Club House, Inc. (the Organization) is a not-for-profit corporation located in Worcester, Massachusetts. It provides comprehensive services, including vocational and social training, to individuals with long term psychiatric illnesses. The Organization also offers training services to the staff members of other similar organizations.

**Note 2. Summary of Significant Accounting Policies**

The Organization's financial statements are prepared on the accrual method of accounting.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" ("Topic 606"), which outlines a five-step model for recognizing revenue and supersedes most existing revenue recognition guidance. Topic 606 is effective for nonpublic entities for annual periods beginning after December 15, 2018 with early adoption permitted for annual period beginning after December 15, 2016. The core principle of Topic 606 is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. The three permitted transition methods under the new standard are the full retrospective method, retrospective with certain practical expedients and a cumulative effect approach. Under the cumulative effect alternative, an entity would apply the new revenue standard only to contracts that are incomplete under legacy U.S. GAAP at the date of initial application and recognize the cumulative effect of the new standard as an adjustment to the opening balance of retained earnings. That is, prior years would not be restated, and additional disclosures would be required to enable users of the financial statements to understand the impact of adopting the new standard in the current year compared to prior years that are presented under legacy U.S. GAAP.

The guidance was adopted effective July 1, 2020 and was applied to all contracts on a cumulative effect approach.

The Organization has analyzed the impact of the standard based on a review of its accounting policies and practices in relation to the five-step model to ensure proper assessment of operating results under Topic 606. The analysis of the Organization's processes under Topic 606 supports the recognition of revenue over time as clients simultaneously receive and consume benefits of the services provided.

In adopting Topic 606, the Organization elected the practical expedients related to immaterial contract acquisition costs and insignificant financing components of the transaction price.

The adoption of Topic 606 on July 1, 2020 had no material impact on the Organization's statement of financial position as of June 30, 2021 and statement of activities for the year ended June 30, 2021.

**GENESIS CLUB HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 2. Summary of Significant Accounting Policies (cont.)**

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

**Net assets with donor restrictions** – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. At June 30, 2021, net assets with donor restrictions are restricted for equipment purchases, capital improvements, and member wellness and education.

**Net assets without donor restrictions** – Net assets not subject to donor-imposed stipulations.

Grants and other contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 as net assets released from restrictions.

Cash and cash equivalents include cash on-hand and highly liquid investments with maturities of three months or less, that are readily convertible to cash.

The Organization records certain types of in-kind support, including professional services, as contribution revenue. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind support are offset by equal amounts included in expenses or, if capitalized, property and equipment.

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**GENESIS CLUB HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 2. Summary of Significant Accounting Policies (cont.)**

Investments stated at fair value and accordingly, changes in unrealized gains or losses are recognized in the period in which the changes occur. Investments are initially recorded on the trade date at the cost to purchase each investment, and donated investments are initially valued at fair value at the date of receipt.

Property, equipment, furnishing, and improvement purchases in excess of \$5,000 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt and are depreciated on a straight-line basis over their estimated useful lives.

The Organization determines the fair value of financial instruments and includes this information in the notes to the financial statements when the fair value is materially different than the carrying value of those financial instruments.

The Organization has elected to treat its forgivable loan under the Paycheck Protection Program (see Note 14) as debt, in accordance with Accounting Standards Codification 460, Debt.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required. Donors may deduct contributions made to the Organization within the Internal Revenue Code regulations. Management does not believe the Organization's financial statements include any uncertain tax positions. Generally, the Organization's tax returns remain subject to examination for a period of three years.

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

**Note 3. Pledges Receivable**

	<b>2021</b>	<b>2020</b>
Pledges Receivable consist of:		
Unconditional promises scheduled to be received in:		
Less than one year	78,667	600
One to five years	78,666	-
	157,333	600
Less: Allowance for Unamortized Discount to Present Value	7,403	-
<b>Net</b>	<b>149,930</b>	<b>600</b>

**GENESIS CLUB HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 4. Investments**

Investments are recorded at fair value determined from quoted market prices at each measurement date. Fair value is defined as the price that would be received to sell an asset (i.e. the "exit price") in an orderly transaction between market participants.

In determining fair value, the Organization uses various valuation approaches. U.S. generally accepted accounting principles establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in the markets that are not active or for which all significant inputs are observable, either directly or indirectly. The Organization held no Level 2 investments at June 30, 2021 and 2020.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The Organization held no Level 3 investments at June 30, 2021 and 2020.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

All investments are valued under Level 1 hierarchy of fair value measurement.

**GENESIS CLUB HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 4. Investments (cont.)**

The following is a summary of cost and fair values of investments at June 30, 2021 and 2020:

	<b>2021</b>	
	<b>Cost</b>	<b>Fair Value</b>
Mutual Funds	205,860	201,295
Exchange Traded Products	<u>20,299</u>	<u>24,501</u>
<b>Total</b>	<u><u>226,159</u></u>	<u><u>225,796</u></u>
	<b>2020</b>	
	<b>Cost</b>	<b>Fair Value</b>
Mutual Funds	19,281	19,758
Exchange Traded Products	<u>5,991</u>	<u>5,172</u>
<b>Total</b>	<u><u>25,272</u></u>	<u><u>24,930</u></u>

The following is a summary of the components of investment return:

	<b>2021</b>	<b>2020</b>
Interest and Dividend Income	5,732	1,171
Unrealized Loss on Investments	<u>(8)</u>	<u>(1,398)</u>
<b>Total</b>	<u><u>5,724</u></u>	<u><u>(227)</u></u>

No investment advisory fees were paid in 2021 or 2020.

**Note 5. Property, Plant and Equipment**

Property, Plant and Equipment consists of:

	<b>2021</b>	<b>2020</b>
Land	114,409	114,409
Buildings	1,843,997	1,843,997
Building Improvements	340,447	328,842
Furniture and Equipment	269,652	269,652
Motor Vehicles	<u>102,876</u>	<u>102,876</u>
	2,671,381	2,659,776
Less: Accumulated Depreciation	<u>1,287,091</u>	<u>1,201,705</u>
<b>Net</b>	<u><u>1,384,290</u></u>	<u><u>1,458,071</u></u>

**GENESIS CLUB HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 5. Property, Plant and Equipment (cont.)**

Furniture and equipment with no remaining net book value at June 30, 2021 were acquired with funds provided by the Commonwealth of Massachusetts through a capital budget. The title to these assets remains with the state.

**Note 6. Line of Credit**

The Organization has \$100,000 of borrowings available under a line of credit agreement with a bank that is secured by substantially all assets of the Organization. Interest is payable monthly at the bank's prime lending rate. There were no outstanding amounts on the line of credit as of June 30, 2021 or 2020.

**Note 7. Long-Term Debt**

	<b>2021</b>	<b>2020</b>
Long-Term Debt consists of:		
Mortgage note payable to a bank, due in monthly installments of \$5,387, including interest at 6.75% through September 2012. During September 2012, the note was modified extending the term of payments on the note to monthly installments beginning in October 2012, of \$4,866, including interest at 4.50% through June 15, 2022. The note is secured by a mortgage on real estate.	56,976	111,417
1% Paycheck Protection Program Loan guaranteed by the Small Business Administration deferred until March 2021, then due in 14 monthly installments of \$12,968, including interest, through April 2022 (See Note 13).	-	178,930
	56,976	290,347
Less: Current Portion	59,976	104,433
<b>Net</b>	-	185,914

**GENESIS CLUB HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 7. Long-Term Debt (cont.)**

The above long-term bank debt carries with it provisions requiring the Organization to maintain certain financial covenants. At June 30, 2021, all covenants were met by the Organization.

Interest expense incurred and paid on all organization obligations totaled \$3,956 in 2021 and \$6,402 in 2020.

**Note 8. Pension Plan**

The Organization maintains a qualified 401(k) retirement plan which covers substantially all employees. Employer matching and profit sharing contributions are determined by the Board of Directors annually and totaled \$18,851 for 2021 and \$16,535 for 2020.

**Note 9. Net Assets with Donor Restrictions**

	<b>2021</b>	<b>2020</b>
Net Assets with Donor Restrictions consist of:		
<b>Purpose Restrictions</b>		
Equipment Purchases	5,000	500
Wellness and Education	46,500	98,400
Capital Improvements	-	2,500
Virtual Clubhouse	28,000	-
Employment	31,200	-
Operating Support	10,000	-
	120,700	101,400
<b>Time Restrictions</b>		
Pledges Receivable	149,930	600
<b>Total</b>	<b>270,630</b>	<b>102,000</b>



**GENESIS CLUB HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 10. Liquidity and Availability**

Financial assets available for general expenditures within one year at June 30, 2021 are as follows:

Financial Assets:

Cash and Cash Equivalents	1,670,632
Accounts Receivable	142,268
Pledges Receivable	76,796
Investments	<u>225,796</u>
<b>Total</b>	<b>2,115,492</b>

Liquidity Resources:

Bank Line-of Credit	100,000
Less: Net Assets with Donor Restrictions	<u>(270,630)</u>
Financial assets and liquidity resources available to be used within one year	<u><u>1,944,862</u></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 11. Operating Leases**

The Organization leases office equipment under a noncancelable operating lease that expires in June 2023. The following is a schedule of future minimum lease payments required under the lease as of June 30, 2021:

Year Ending June 30:

2022	3,334
2023	<u>3,334</u>
<b>Total</b>	<u><u>6,668</u></u>

Rent expense under noncancelable operating leases totaled \$3,334 and \$3,056 for 2021 and 2020, respectively.

**GENESIS CLUB HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 12. Related Party**

From time to time, a member of the board provides legal services on behalf of the Organization. The policy of the board member's law firm is to not bill the Organization where they serve in the capacity of a director, therefore the value of the donated time is not reflected in the financial statements since the Organization does not have a clearly measurable basis for the amount to be recorded.

**Note 13. Concentrations**

The Organization receives a substantial amount of its support and revenue from the Commonwealth of Massachusetts. If a significant reduction in the level of this support and revenue were to occur, it may have an effect on the Organization's programs and activities.

The Organization also has financial instruments, consisting primarily of cash, which potentially expose the Organization to concentrations of credit and market risk. Cash is held at local banks. The Organization has not experienced any losses on its cash. In the ordinary course of business, the Organization has, at various times, cash deposits with a bank which are in excess of federally insured limits.

**Note 14. Contingencies and Uncertainties**

The Organization received financial assistance in the form of federal and state contracts. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of contracts and budgets and applicable regulations including the expenditures of the resources for eligible purposes. Substantially all contracts are subject to financial and compliance audits by each funding source. Any disallowance resulting from audits becomes a liability of the Organization. As of June 30, 2021, the Organization does not anticipate any material liabilities will result from such audits.

In March 2020, local, U.S. and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management expects this matter may have a material financial impact on the Organization's financial position and results of future operations, such potential impact cannot be reasonably estimated.

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**Note 14. Contingencies and Uncertainties (cont.)**

In an effort to reduce the negative economic impact of COVID-19, the United States Government provided economic stimulus under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Part of the CARES Act includes a forgivable loan program administered by the Small Business Administration (SBA) called the Paycheck Protection Program (PPP). The Organization applied for a PPP loan and on April 23, 2020, received proceeds of \$178,930 and had twenty-four weeks to use at least sixty percent of the funds for payroll costs and the remainder for other qualified expenses. The Corporation used the funds for the aforementioned criteria, and they applied for and received forgiveness in April 2021, for the full amount of the loan. Qualified disbursements may be subject to audit by the SBA.

The Organization's PPP loan was forgiven during the year ended June 30, 2021. Accordingly, cancellation of debt of \$178,930 has been recognized in the statement of activities for the year ended June 30, 2021.

**Note 15. Date Through Which Subsequent Events Have Been Evaluated**

The Organization has evaluated all material subsequent events from the end of the fiscal year through December 2, 2021, the date the financial statements were available to be issued.