

SUMMIT COUNTY CLUBHOUSE
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

SUMMIT COUNTY CLUBHOUSE

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Linda A. Howdeshell, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Summit County Clubhouse
Park City, UT 84098

Opinion

I have audited the accompanying financial statements of Summit County Clubhouse (a nonprofit organization) which comprise the statements of financial position as of December 31, 2022, and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Summit County Clubhouse, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Summit County Clubhouse and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Summit County Clubhouse's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

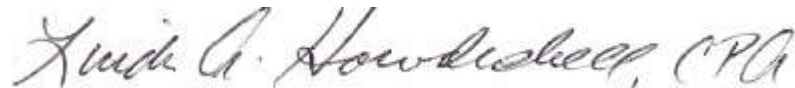
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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 generally accepted 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, including omissions, 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 generally accepted auditing standards, I:

- 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 Summit County Clubhouse'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Summit County Clubhouse's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



St. Louis, Missouri
May 4, 2023

Summit County Clubhouse
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 356,944	\$ 314,187
Accounts receivable	21,680	30,955
Total Current Assets	378,624	345,142
EQUIPMENT, net accumulated depreciation	166,966	162,139
TOTAL ASSETS	\$ 545,590	\$ 507,281

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 9,275	\$ 33,961
Accrued payroll	3,574	4,093
Current portion of long term debt	1,965	1,152
Total Current Liabilities	14,814	39,206
LONG TERM LIABILITIES		
Emergency injury disaster loan	84,451	85,630
Total Long Term Liabilities	84,451	85,630
TOTAL LIABILITIES	99,265	124,836

NET ASSETS

WITHOUT DONOR RESTRICTIONS		
Invested in capital assets	166,966	162,139
Board Designated Operating Reserve	60,016	-
Available for operations	186,843	69,006
Total Net Assets Without Donor Restrictions	413,825	231,145
WITH DONOR RESTRICTIONS		
Total Net Assets	32,500	151,300
Total Net Assets	446,325	382,445
TOTAL LIABILITIES AND NET ASSETS	\$ 545,590	\$ 507,281

Summit County Clubhouse
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	<u>Funds without donor restrictions</u>	<u>Funds with donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 343,652	10,000	\$ 353,652
Inkind contributions	11,942	-	11,942
Miscellaneous	137	-	137
Net assets released from restrictions	<u>128,800</u>	<u>(128,800)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>484,531</u>	<u>(118,800)</u>	<u>365,731</u>
 EXPENSES			
Program services	238,399	-	238,399
Supporting services			
Management and general	34,453	-	34,453
Fundraising	<u>28,999</u>	<u>-</u>	<u>28,999</u>
TOTAL EXPENSES	301,851	-	301,851
 CHANGE IN NET ASSETS	 182,680	 (118,800)	 63,880
NET ASSETS, Beginning of year	<u>231,145</u>	<u>151,300</u>	<u>382,445</u>
NET ASSETS, End of year	<u>\$ 413,825</u>	<u>\$ 32,500</u>	<u>\$ 446,325</u>

See accompanying notes to financial statements

Summit County Clubhouse
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Funds without donor restrictions</u>	<u>Funds with donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 241,546	\$ 151,300	\$ 392,846
Inkind contributions	84,402	-	84,402
Miscellaneous	15	-	15
Net assets released from restrictions	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>345,963</u>	<u>131,300</u>	<u>477,263</u>
EXPENSES			
Program services	183,859	-	183,859
Supporting services			
Management and general	35,992	-	35,992
Fundraising	<u>28,471</u>	<u>-</u>	<u>28,471</u>
TOTAL EXPENSES	248,322	-	248,322
CHANGE IN NET ASSETS	97,641	131,300	228,941
NET ASSETS, Beginning of year	<u>133,504</u>	<u>20,000</u>	<u>153,504</u>
NET ASSETS, End of year	<u><u>\$ 231,145</u></u>	<u><u>\$ 151,300</u></u>	<u><u>\$ 382,445</u></u>

See accompanying notes to financial statements

Summit County Clubhouse
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising		
Payroll	\$ 98,001	\$ 16,014	\$ -	\$ 16,014	\$ 114,015
Payroll taxes	7,291	1,201	-	1,201	8,492
Total Payroll and payroll taxes	<u>105,292</u>	<u>17,215</u>	<u>-</u>	<u>17,215</u>	<u>122,507</u>
Depreciation	52,269	-	-	-	52,269
Professional fees	10,757	8,968	24,627	33,595	44,352
Occupancy	20,092	-	-	-	20,092
Miscellaneous	9,646	2,755	-	2,755	12,401
Insurance	2,243	5,051	-	5,051	7,294
Training	6,995	223	-	223	7,218
Computer and software	5,395	-	884	884	6,279
Loss on disposal	6,231	-	-	-	6,231
Marketing	1,479	91	2,951	3,042	4,521
Office expense	14,283	35	537	572	14,855
Travel	<u>3,717</u>	<u>115</u>	<u>-</u>	<u>115</u>	<u>3,832</u>
Total Expenses	<u>\$ 238,399</u>	<u>\$ 34,453</u>	<u>\$ 28,999</u>	<u>\$ 63,452</u>	<u>\$ 301,851</u>

See accompanying notes to financial statements

Summit County Clubhouse
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising		
Payroll	\$ 83,971	\$ 13,721	\$ -	\$ 13,721	\$ 97,692
Payroll taxes	6,444	1,029	-	1,029	7,473
Total Payroll and payroll taxes	<u>90,415</u>	<u>14,750</u>	<u>-</u>	<u>14,750</u>	<u>105,165</u>
Depreciation	6,186	-	-	-	6,186
Professional fees	15,869	12,605	26,600	39,205	55,074
Occupancy	49,289	1,600	70	1,670	50,959
Miscellaneous	10,337	2,984	123	3,107	13,444
Insurance	-	3,493	-	3,493	3,493
Training	1,399	-	-	-	1,399
Computer and software	3,427	316	1,141	1,457	4,884
Loss on disposal	-	-	-	-	-
Marketing	3,744	120	189	309	4,053
Office expense	950	124	348	472	1,422
Travel	<u>2,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,243</u>
Total Expenses	<u>\$ 183,859</u>	<u>\$ 35,992</u>	<u>\$ 28,471</u>	<u>\$ 64,463</u>	<u>\$ 248,322</u>

See accompanying notes to financial statements

Summit County Clubhouse
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 63,880	\$ 228,941
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	52,269	6,186
Disposal of inkind fixed asset	10,737	-
Forgiveness of prior year debt	-	4,010
(Increase) decrease in assets:		
Accounts receivable	9,275	(29,455)
 (Decrease) increase in liabilities:		
Accounts payable	(24,686)	29,367
Accrued expenses	(519)	1,920
	<u>110,956</u>	<u>240,969</u>
Net Change in Cash and Cash Equivalents from Operating Activities		
	<u>110,956</u>	<u>240,969</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(72,333)	(2,500)
Proceeds from sale property and equipment	4,500	-
	<u>4,500</u>	<u>-</u>
Net Change in Cash and Cash Equivalents from Investing Activities		
	<u>(67,833)</u>	<u>(2,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment long term debt	(366)	-
	<u>(366)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents from Financing Activities		
	<u>42,757</u>	<u>238,469</u>
CASH AND CASH EQUIVALENTS -- BEGINNING OF THE YEAR	<u>314,187</u>	<u>75,718</u>
CASH AND CASH EQUIVALENTS -- END OF THE YEAR	<u>\$ 356,944</u>	<u>\$ 314,187</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

See accompanying notes to financial statements

Summit County Clubhouse
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

Summit County Clubhouse (“SCC”) is a not-for-profit organization opened its doors on August 5, 2019. SCC provides a safe, supportive environment where members can rebuild their self-respect, dignity and abilities through productive work, education and meaningful relationships. SCC services are offered free of charge.

Summit County Clubhouse, as well as all Clubhouses internationally, are responding to the Covid-19 pandemic and adjusting to the reality of operating as a "virtual" Clubhouse community. Members and staff may no longer be able to gather together inside our Clubhouse building, but we continue to support each other through this crisis. We know that being socially distanced can cause feelings of anxiety, stress, fear and depression and can be more detrimental to those with a pre-existing mental illness. Because of this we implemented “Clubhouse Without Walls” during spring quarantine to ensure we stay connected as a community, using technology. We are conducting web meetings three times a week as well as regular individual check in’s through email, text and calls to ensure our members basic needs are met such as food, hygiene items, medications etc. This situation has created some funding challenges for us. SCC is partially funded through Medicaid and is based on hourly attendance by our members. As Clubhouse on-site attendance has ceased, due to the need for physical distancing, we anticipate a significant loss in Medicaid revenue. SCC is a new organization with limited cash reserves but plan on coming out of this public health crisis strong.

Basis of Accounting

The accompanying financial statements of SCC have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, SCC’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. SCC’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Summit County Clubhouse
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Funds without donor restrictions are resources available to support operations. The only limits on the use of funds without donor restrictions are the broad limits resulting for the nature of SCC, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Funds with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. SCC's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from funds with donor restrictions to funds without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Funds with donor restrictions also includes resources whose use by SCC is limited by donor-imposed restrictions that neither expired by being used in accordance with a donor's restriction nor by the passage of time. SCC does not have any funds with donor restrictions that do not expire.

All revenues and net gains are reported as increases in funds without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Summit County Clubhouse
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All equipment is capitalized. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Vehicle	5 Years
Fixtures	20 Years

Equipment is reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when considered unconditional. All contributions are reported as increases in funds without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in funds with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as funds with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Volunteer Activities

SCC benefits from personal services provided by volunteers. Those volunteers have donated service in SCC's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Summit County Clubhouse
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Recognition and Allocation

The cost of providing SCC's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on time spent by staff. The allocation is reviewed annually by the Finance Committee.

General and administrative expenses include those costs that are not directly identified with any specific program, but which provide for the overall support and direction of SCC.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. SCC generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

Advertising Expense

Costs of advertising are expensed in the period incurred.

Tax Status

SCC is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to SCC are tax deductible to donors under Section 170 of the IRC. SCC is not classified as a private foundation.

In-kind Contributions

In-kind contributions consist of supplies used in programs. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

Summit County Clubhouse
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE B – EQUIPMENT

Depreciation expense for the year ending December 31, 2022, and 2021 was \$6,186, and \$4,406, respectively. Equipment is as follows at December 31,:

	<u>2022</u>	<u>2021</u>
Construction in progress	\$ -	\$ 133,300
Leasehold improvements	156,776	-
Vehicle	44,351	21,900
Equipment	16,126	18,626
Less: accumulated depreciation	<u>(52,787)</u>	<u>(11,687)</u>
 Net Equipment	 <u>\$ 164,466</u>	 <u>\$ 162,139</u>

NOTE C – LEASES

July 27, 2020, SCC entered into a lease agreement, commencing August 1, 2020 with Summit County Clubhouse Home, LLC, for property located at 6304 Highland Drive, Park City, Summit County. The initial term is for 16 months for \$2,000 per year. If not in default, the term will automatically be extended for 12 month increments until November 30, 2025, at \$1,500 per year. At that time, tenant shall have first right of refusal to extend the lease for 12 month increments. Tenant has the right to extend the lease by giving the landlord written notice of same no less than six months prior to November 30, 2025. Tenant is responsible for paying all utilities, repairs, maintenance, insurance, and taxes on the property. Effective March 1, 2021, SCC began occupying the Highland Drive location for office space for operations. Summit County Clubhouse Home, LLC, was created by Park City Foundation to hold the Highland Drive property donated to house Summit County Clubhouse operations. Total rent expense for office space was \$1,500, and \$11,618 for the years ending December 31, 2022, and 2021, respectively. The future minimum rental payments are as follows:

2023	\$ 1,500
2024	1,500
2025	1,500

Summit County Clubhouse
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE D—RESERVE

Summit County Clubhouse is substantially supported by unrestricted contributions. The purpose of the reserve is to ensure the stability of the mission, programs, employment, and ongoing operations of SCC. SCC must maintain sufficient resources to meet the day-to-day operations. The goal is to achieve a reserve of twelve months of expenses by depositing one month's worth of operating costs at the end of each quarter. As of December 31, 2022, \$60,016 was board designated as a reserve and is maintained in a separate money market account.

NOTE E— SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 4, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE F – LONG-TERM DEBT

Bridge Loan

May 1, 2020, the Organization received a \$5,000 unsecured loan from the State of Utah due for COVID relief. The agreement has no stated interest and payments of \$104 due monthly beginning twelve months after the date of the loan and final payment is due April 1, 2025. The loan can be forgiven at the discretion of the State. The loan was forgiven effective December 23, 2021.

Economic Injury Disaster Loan

June 19, 2020, SCC entered into an agreement with a lending institution for a loan in the amount of \$85,500. Interest accrues at a rate of 2.75% annually. Payments of \$366 commence June 19, 2022 with a maximum term of 30 years. The loan is secured by property of SCC.

Future minimum payments as of December 31, are as follows:

2023	\$ 1,965
2024	1,952
2025	1,938
2026	1,924
2027	1,909
Thereafter	74,660

Summit County Clubhouse
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

The following net assets with donor restrictions are available at December 31,:

	<u>2022</u>	<u>2021</u>
Purpose restrictions	\$ 32,500	\$ 151,300