

SUMMIT COUNTY CLUBHOUSE
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

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, 2023, and 2022, 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, 2023, and 2022, 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
June 10, 2024

Summit County Clubhouse
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 319,373	\$ 356,944
Accounts receivable	45,092	21,680
Total Current Assets	364,465	378,624
EQUIPMENT, net accumulated depreciation	92,402	166,966
TOTAL ASSETS	\$ 456,867	\$ 545,590

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 5,571	\$ 9,275
Accrued payroll	5,369	3,574
Current portion of long term debt	1,952	1,965
Total Current Liabilities	12,892	14,814
LONG TERM LIABILITIES		
Emergency injury disaster loan	47,767	84,451
Total Long Term Liabilities	47,767	84,451
TOTAL LIABILITIES	60,659	99,265

NET ASSETS

WITHOUT DONOR RESTRICTIONS		
Invested in capital assets	92,402	166,966
Board Designated Operating Reserve	60,337	60,016
Available for operations	166,636	186,843
Total Net Assets Without Donor Restrictions	319,375	413,825
WITH DONOR RESTRICTIONS		
Total Net Assets	76,833	32,500
TOTAL LIABILITIES AND NET ASSETS	\$ 456,867	\$ 545,590

Summit County Clubhouse
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	<u>Funds without</u> <u>donor restrictions</u>	<u>Funds with</u> <u>donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support			
Contributions	\$ 79,533	6,000	\$ 85,533
Grants	144,486	48,333	192,819
In-kind contributions-supplies	1,917	-	1,917
Interest income	519	-	519
Miscellaneous	3,059	-	3,059
Net assets released from restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>239,514</u>	<u>44,333</u>	<u>283,847</u>
 EXPENSES			
Program services	255,523	-	255,523
Supporting services			
Management and general	31,713	-	31,713
Fundraising	<u>46,728</u>	<u>-</u>	<u>46,728</u>
TOTAL EXPENSES	333,964	-	333,964
 CHANGE IN NET ASSETS	 (94,450)	 44,333	 (50,117)
NET ASSETS, Beginning of year	<u>413,825</u>	<u>32,500</u>	<u>446,325</u>
NET ASSETS, End of year	<u>\$ 319,375</u>	<u>\$ 76,833</u>	<u>\$ 396,208</u>

See accompanying notes to financial statements

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

	Funds without donor restrictions	Funds with donor restrictions	Total
SUPPORT AND REVENUE			
Support			
Contributions	\$ 180,150	\$ 10,000	\$ 190,150
Grants	163,502	-	163,502.00
In-kind contributions-supplies	11,942	-	11,942
Interest income	133	-	133
Miscellaneous	4	-	4
Net assets released from restrictions	128,800	(128,800)	-
TOTAL SUPPORT AND REVENUE	484,531	(118,800)	365,731
 EXPENSES			
Program services	238,399	-	238,399
Supporting services			
Management and general	34,453	-	34,453
Fundraising	28,999	-	28,999
TOTAL EXPENSES	301,851	-	301,851
 CHANGE IN NET ASSETS	182,680	(118,800)	63,880
 NET ASSETS, Beginning of year	231,145	151,300	382,445
 NET ASSETS, End of year	\$ 413,825	\$ 32,500	\$ 446,325

See accompanying notes to financial statements

Summit County Clubhouse
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising		
Payroll	\$ 129,354	\$ 9,741	\$ 9,741	\$ 19,482	\$ 148,836
Payroll taxes and benefits	11,798	888	888	1,776	13,574
Total Payroll and payroll taxes	<u>141,152</u>	<u>10,629</u>	<u>10,629</u>	<u>21,258</u>	<u>162,410</u>
Depreciation	64,804	4,880	4,880	9,760	74,564
Professional fees	4,362	9,150	27,600	36,750	41,112
Occupancy	14,690	1,106	1,106	2,212	16,902
Miscellaneous	11,007	829	829	1,658	12,665
Interest	5,732	432	432	864	6,596
Computer and software	4,783	215	957	1,172	5,955
Insurance	677	4,177	-	4,177	4,854
Office expense	2,690	203	203	406	3,096
Training	3,064	-	-	-	3,064
Marketing	1,217	92	92	184	1,401
Travel	1,345	-	-	-	1,345
Loss on disposal	-	-	-	-	-
Total Expenses	<u>\$ 255,523</u>	<u>\$ 31,713</u>	<u>\$ 46,728</u>	<u>\$ 78,441</u>	<u>\$ 333,964</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 and benefits	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
Interest	-	-	-	-	-
Travel	3,717	115	-	115	3,832
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
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (50,117)	\$ 63,880
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	74,564	52,269
Disposal of inkind fixed asset	-	10,737
(Increase) decrease in assets:		
Accounts receivable	(23,412)	9,275
(Decrease) increase in liabilities:		
Accounts payable	(3,704)	(24,686)
Accrued expenses	1,795	(519)
	(874)	110,956
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(72,333)
Proceeds from sale property and equipment	-	4,500
	-	(67,833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment long term debt	(36,697)	(366)
	(37,571)	42,757
CASH AND CASH EQUIVALENTS -- BEGINNING OF THE YEAR	356,944	314,187
CASH AND CASH EQUIVALENTS -- END OF THE YEAR	\$ 319,373	\$ 356,944
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	\$ 6,596	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

See accompanying notes to financial statements

Summit County Clubhouse
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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 serves as a supportive, recovery-based community for people living with depression, anxiety, bipolar disorder, schizophrenia, substance use disorder and other mental health challenges. Our mission is to provide opportunities for adults with mental health challenges to achieve their highest potential through productive work, meaningful relationships and direct support. SCC services are delivered free of charge.

With an astounding 1 in 5 adults experiencing mental illness each year nation-wide, the physical, social and financial impact of this common experience can't be overstated. At Summit County Clubhouse, people with a diagnosed mental illness are not treated as patients or defined by a disability label. Here, members find opportunities for connection, employment, education, and support in a single caring and safe environment.

Summit County Clubhouse follows the Clubhouse International model of Psychosocial Rehabilitation, an evidence-based and time-tested program that has developed over more than seventy years. There are approximately 320 Clubhouses in 32 countries internationally.

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, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022

NOTE B – EQUIPMENT

Depreciation expense for the year ending December 31, 2023, and 2022 was \$74,564, and \$52,269, respectively. Equipment is as follows at December 31,:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 162,902	\$ 162,902
Vehicle	44,351	44,351
Equipment	12,500	12,500
Less: accumulated depreciation	<u>(127,351)</u>	<u>(52,787)</u>
 Net Equipment	 <u>\$ 92,402</u>	 <u>\$ 166,966</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 for the years ending December 31, 2023, and 2022. The future minimum rental payments are as follows:

2024	\$ 1,500
2025	1,500

Summit County Clubhouse
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023 and 2022

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, 2023, and 2022, \$60,337 and \$60,016, respectively, 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 June 10, 2024, 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

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, 2023 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:

2024	\$ 1,952
2025	1,938
2026	1,924
2027	1,909
2028	1,892
Thereafter	35,576

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Purpose restrictions	\$ 70,833	\$ 32,500
Time restriction	6,000	-
Total net assets with donor restrictions	<u>\$ 76,833</u>	<u>\$ 32,500</u>