



# **Boys and Girls Clubs of Broward County, Inc.**

**Financial Statements**  
Years Ended June 30, 2021 and 2020

# **Boys and Girls Clubs of Broward County, Inc.**

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Financial Statements  
Years Ended June 30, 2021 and 2020

# Boys and Girls Clubs of Broward County, Inc.

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## **Independent Auditor's Report**

To the Board of Directors  
Boys and Girls Clubs of Broward County, Inc.  
Fort Lauderdale, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Boys and Girls Clubs of Broward County, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Boys and Girls Clubs of Broward County, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Boys and Girls Clubs of Broward County, Inc. 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 Boys and Girls Clubs of Broward County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Boys and Girls Clubs of Broward County, Inc.'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 Boys and Girls Clubs of Broward County, Inc.'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.

### **Other Matters**

#### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the



financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022 on our consideration of Boys and Girls Clubs of Broward County, 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 Boys and Girls Clubs of Broward County, 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 Boys and Girls Clubs of Broward County, Inc.'s internal control over financial reporting and compliance.

Miami, Florida  
February 25, 2022

*BDO USA, LLP*  
Certified Public Accountants

## **Financial Statements**

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# Boys and Girls Clubs of Broward County, Inc.

## Statements of Financial Position

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Current Assets:		
Cash and cash equivalents	\$ 11,462,088	\$ 10,281,272
Accounts receivable, net of allowance for doubtful accounts of \$34,433 and \$10,000, respectively	201,270	94,304
Promises receivable, net	135,088	46,255
Notes receivable, current portion (Note 6)	29,778	59,556
Grants and contracts receivable	876,831	397,595
Contributions receivable on donated facilities, net of discount of \$100,238 and \$100,238 respectively (Note 8)	322,019	322,019
Prepaid expenses and other current assets	162,015	231,522
<b>Total current assets</b>	<b>13,189,089</b>	<b>11,432,523</b>
Cash surrender value of life insurance	456,179	414,967
Notes receivable, non-current portion (Note 6)	208,446	238,224
Investments (Notes 2, 4 and 5)	23,752,677	19,344,628
Beneficial interest in perpetual trusts (Note 3)	5,068,650	4,203,503
Contributions receivable on donated facilities, non-current portion net of discount of \$1,582,713 and \$1,667,097, respectively (Note 8)	2,220,382	2,587,260
Property and equipment, net (Note 7)	13,966,801	13,931,936
<b>Total assets</b>	<b>\$ 58,862,224</b>	<b>\$ 52,153,041</b>
<b>Liabilities:</b>		
Current Liabilities:		
Accounts payable and accrued expenses (Notes 9 and 10)	\$ 1,425,188	\$ 1,368,727
Deferred revenue	396,745	82,331
Paycheck Protection Program Loan (Note 16)	-	1,290,930
<b>Total current liabilities</b>	<b>1,821,933</b>	<b>2,741,988</b>
Paycheck Protection Program Loan (Note 16)	1,290,930	-
<b>Total liabilities</b>	<b>3,112,863</b>	<b>2,741,988</b>
Commitments and contingencies (Note 15)		
<b>Net assets:</b>		
Without donor restrictions	36,791,352	30,576,843
With donor restrictions (Note 11)	18,958,009	18,834,210
<b>Total net assets</b>	<b>55,749,361</b>	<b>49,411,053</b>
<b>Total liabilities and net assets</b>	<b>\$ 58,862,224</b>	<b>\$ 52,153,041</b>

*The accompanying notes are an integral part of these financial statements.*



# Boys and Girls Clubs of Broward County, Inc.

## Statement of Activities

<i>Year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support, Revenue and Investment</b>			
<b>Gains</b>			
Public support:			
Special events	\$ 839,577	\$ -	\$ 839,577
Contributions	2,943,313	37,558	2,980,871
Broward County grants and contracts	2,183,119	-	2,183,119
Other grants and contracts	3,056,061	1,623,083	4,679,144
Royalties	255,724	-	255,724
Other income	86,387	-	86,387
In-kind contributions	39,896	-	39,896
Membership dues	37,049	-	37,049
Interest and dividends (Notes 5 and 6)	949,243	-	949,243
Realized and unrealized gains on investments, net (Notes 4 and 5)	3,940,339	865,147	4,805,486
Net assets released from restrictions	2,401,989	(2,401,989)	-
<b>Total public support, revenue and investment gains</b>	<b>16,732,697</b>	<b>123,799</b>	<b>16,856,496</b>
<b>Expenses</b>			
Program services:			
Youth development	9,755,786	-	9,755,786
Supporting services:			
Management and general	923,627	-	923,627
Fundraising	637,665	-	637,665
Special events	492,040	-	492,040
<b>Total supporting services</b>	<b>2,053,332</b>	<b>-</b>	<b>2,053,332</b>
<b>Total expenses</b>	<b>11,809,118</b>	<b>-</b>	<b>11,809,118</b>
<b>Non-operating revenue</b>			
<b>Forgiveness of Paycheck Protection Program Loan</b>	<b>1,290,930</b>	<b>-</b>	<b>1,290,930</b>
Change in net assets	6,214,509	123,799	6,338,308
Net assets, beginning of year	30,576,843	18,834,210	49,411,053
<b>Net assets, end of year</b>	<b>\$ 36,791,352</b>	<b>\$ 18,958,009</b>	<b>\$ 55,749,361</b>

*The accompanying notes are an integral part of these financial statements.*

# Boys and Girls Clubs of Broward County, Inc.

## Statement of Activities

<i>Year ended June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support, Revenue and Investment Gains and (Losses)</b>			
Public support:			
Special events	\$ 2,771,540	\$ -	\$ 2,771,540
Contributions	1,929,319	9,579	1,938,898
Broward County grants and contracts	2,242,854	-	2,242,854
Other grants and contracts	3,706,005	3,486,842	7,192,847
Royalties	322,069	-	322,069
Other income	77,730	-	77,730
In-kind contributions	419,627	-	419,627
Membership dues	81,124	-	81,124
Interest and dividends (Notes 5 and 6)	985,981	-	985,981
Realized and unrealized losses on investments, net (Notes 4 and 5)	(238,998)	(162,678)	(401,676)
Net assets released from restrictions	2,863,069	(2,863,069)	-
<b>Total public support, revenue and investment gains and (losses)</b>	<b>15,160,320</b>	<b>470,674</b>	<b>15,630,994</b>
<b>Expenses</b>			
Program services:			
Youth development	12,233,571	-	12,233,571
Supporting services:			
Management and general	976,019	-	976,019
Fundraising, sales and related expenses	863,706	-	863,706
Special events	2,521,370	-	2,521,370
<b>Total supporting services</b>	<b>4,361,095</b>	<b>-</b>	<b>4,361,095</b>
<b>Total expenses</b>	<b>16,594,666</b>	<b>-</b>	<b>16,594,666</b>
Change in net assets	(1,434,346)	470,674	(963,672)
Net assets, beginning of year	32,011,189	18,363,536	50,374,725
<b>Net assets, end of year</b>	<b>\$ 30,576,843</b>	<b>\$ 18,834,210</b>	<b>\$ 49,411,053</b>

*The accompanying notes are an integral part of these financial statements.*

# Boys and Girls Clubs of Broward County, Inc.

## Statements of Cash Flows

<i>Years ended June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 6,338,308	\$ (963,672)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	980,750	974,499
Increase in cash surrender value of life insurance	(41,212)	(27,672)
Bad debt expense	43,500	57,906
Rent expense on donated facilities	698,261	683,759
Gain on sale of vehicles	(36,540)	-
Contribution revenue from donated facilities	(247,000)	(1,090,916)
Change in value of beneficial interest in perpetual trusts	(865,147)	162,678
Net realized and unrealized (gains) losses on investments	(3,829,706)	109,038
Amortization of discount	(84,383)	(17,483)
Forgiveness of Paycheck Protection Program Loan	(1,290,930)	-
Changes in operating assets and liabilities:		
Accounts receivable	(150,466)	336,824
Promises receivable	(88,833)	271,615
Grants and contracts receivable	(479,236)	530,884
Prepaid expenses and other current assets	69,507	175,846
Accounts payable and accrued expenses	56,461	(317,271)
Deferred revenue	314,414	(327,204)
<b>Total adjustments</b>	<b>(4,950,560)</b>	<b>1,522,503</b>
<b>Net cash provided by operating activities</b>	<b>1,387,748</b>	<b>558,831</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(1,026,168)	(332,308)
Purchases of investments	(18,374,470)	(8,743,843)
Sales of investments	17,796,127	8,671,923
Proceeds from sale of property and equipment	47,093	-
Repayments received on notes receivable	59,556	-
<b>Net cash used in investing activities</b>	<b>(1,497,862)</b>	<b>(404,228)</b>
<b>Cash flows from financing activities:</b>		
Paycheck Protection Program Loan	1,290,930	1,290,930
<b>Net cash provided by financing activities</b>	<b>1,290,930</b>	<b>1,290,930</b>
Net increase in cash and cash equivalents	1,180,816	1,445,533
Cash and cash equivalents, beginning of year	10,281,272	8,835,739
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,462,088</b>	<b>\$ 10,281,272</b>
<b>Non-Cash Financing Activities</b>		
Forgiveness of Paycheck Protection Program Loan	\$ 1,290,930	\$ -

*The accompanying notes are an integral part of these financial statements.*

# Boys and Girls Clubs of Broward County, Inc.

## Statement of Functional Expenses

	Program Services		Supporting Services		Total
	Youth Development	Management and General	Fundraising and Special Events	Supporting Services	
<i>Year ended June 30, 2021</i>					<b>Total</b>
<b>Salaries and Benefits:</b>					
Salaries	\$ 3,784,811	\$ 443,698	\$ 409,840	\$ 853,538	\$ 4,638,349
Employee benefits	467,593	82,546	46,772	129,318	596,911
Payroll taxes	318,708	20,976	56,334	77,310	396,018
<b>Total salaries and benefits</b>	<b>4,571,112</b>	<b>547,220</b>	<b>512,946</b>	<b>1,060,166</b>	<b>5,631,278</b>
<b>Other Expenses:</b>					
Occupancy	723,793	16,854	924	17,778	741,571
Maintenance and repairs	563,056	20,833	21,134	41,967	608,023
Utilities	370,807	9,526	8,408	17,934	388,741
Insurance	743,998	17,281	17,281	34,562	778,560
Professional fees	9,807	178,862	15,754	194,616	204,423
Postage and shipping	117	3,634	3,587	7,221	7,338
Telephone and communications	38,101	13,062	16,519	29,581	67,682
Supplies and equipment	1,012,163	12,668	54,160	66,828	1,078,991
Printing and publications	13,573	2,141	11,000	13,141	26,714
Dues and subscriptions	36,615	17,404	-	17,404	54,019
Travel and transportation	220,220	668	12,661	13,329	233,549
Scholarships	60,399	-	-	-	60,399
Bank and credit card fees	-	-	44,336	44,336	44,336
Bad debt expense	-	-	43,500	43,500	43,500
Miscellaneous	237	18,687	2,474	21,161	21,398
Entertainment and decorations	10,540	-	147,456	147,456	157,996
Food and catering	472,116	119	121,104	121,223	593,339
Other event costs	-	-	20,586	20,586	20,586
Publicity and promotion	411	22,081	46,433	68,514	68,925
<b>Total other expenses</b>	<b>4,275,953</b>	<b>333,820</b>	<b>587,317</b>	<b>921,137</b>	<b>5,197,090</b>
<b>Total expenses before depreciation</b>	<b>8,847,065</b>	<b>881,040</b>	<b>1,100,263</b>	<b>1,981,303</b>	<b>10,828,368</b>
Depreciation	908,721	42,587	29,442	72,029	980,750
<b>Total expenses</b>	<b>\$ 9,755,786</b>	<b>\$ 923,627</b>	<b>\$ 1,129,705</b>	<b>\$ 2,053,332</b>	<b>\$ 11,809,118</b>

*The accompanying notes are an integral part of these financial statement.*

# Boys and Girls Clubs of Broward County, Inc.

## Statement of Functional Expenses

<i>Year ended June 30, 2020</i>	Program Services		Supporting Services		Total
	Youth Development	Management and General	Fundraising and Special Events	Total Supporting Services	
<b>Salaries and Benefits:</b>					
Salaries	\$ 4,988,392	\$ 374,349	\$ 616,846	\$ 991,195	\$ 5,979,587
Employee benefits	680,245	90,683	82,293	172,976	853,221
Payroll taxes	371,617	37,580	32,040	69,620	441,237
<b>Total salaries and benefits</b>	<b>6,040,254</b>	<b>502,612</b>	<b>731,179</b>	<b>1,233,791</b>	<b>7,274,045</b>
<b>Other Expenses:</b>					
Occupancy	713,188	4,163	472,091	476,254	1,189,442
Maintenance and repairs	565,075	24,063	16,949	41,012	606,087
Utilities	514,113	9,994	9,994	19,988	534,101
Insurance	754,449	16,283	16,283	32,566	787,015
Professional fees	12,471	165,915	20,773	186,688	199,159
Postage and shipping	548	5,260	8,072	13,332	13,880
Telephone and communications	48,124	14,560	14,920	29,480	77,604
Supplies and equipment	1,428,351	20,726	71,943	92,669	1,521,020
Printing and publications	11,141	5,068	100,254	105,322	116,463
Dues and subscriptions	45,040	20,552	-	20,552	65,592
Travel and transportation	234,975	12,140	178,286	190,426	425,401
Scholarships	52,994	-	-	-	52,994
Bank and credit card fees	-	-	50,361	50,361	50,361
Bad debt expense	-	77,113	(19,207)	57,906	57,906
Miscellaneous	4,033	25,024	9,210	34,234	38,267
Entertainment and decorations	5,448	-	706,499	706,499	711,947
Food and catering	892,097	7,090	696,578	703,668	1,595,765
Other event costs	-	-	16,702	16,702	16,702
Publicity and promotion	3,251	25,606	257,559	283,165	286,416
<b>Total other expenses</b>	<b>5,285,298</b>	<b>433,557</b>	<b>2,627,267</b>	<b>3,060,824</b>	<b>8,346,122</b>
<b>Total expenses before depreciation</b>	<b>11,325,552</b>	<b>936,169</b>	<b>3,358,446</b>	<b>4,294,615</b>	<b>15,620,167</b>
Depreciation	908,019	39,850	26,630	66,480	974,499
<b>Total expenses</b>	<b>\$ 12,233,571</b>	<b>\$ 976,019</b>	<b>\$ 3,385,076</b>	<b>\$ 4,361,095</b>	<b>\$ 16,594,666</b>

*The accompanying notes are an integral part of these financial statement.*

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies

#### *Organization and Purpose*

Boys and Girls Clubs of Broward County, Inc. (the “Club”) is a not-for-profit organization whose mission is to inspire and enable all young people, especially those from challenging circumstances, to realize their full potential as productive, responsible, and caring citizens. Success is achieved through participation in the following three core care programs which are all part of the Club’s Youth Development Services:

Academic success - as part of this program, staff and volunteers place importance on encouraging members, ages 6-18, to strive for academic excellence. The Club has partnered with select educational and vocational institutions as part of a strategy designed to encourage and motivate members to think beyond high school and graduate on time.

Good character and citizenship development - this program offers opportunities for all members to engage in community service learning projects. This program includes the Youth of the Year program which promotes and celebrates service to the Club; community and family, academic performance; moral character; life goals; and poise and public speaking ability. Also, part of this program is the Keystone Club. It affords teens an opportunity to gain valuable leadership and service experience by conducting activities in three areas: academic success, career exploration, and community service. The Torch Club is also part of this program which helps to meet character development needs of younger adolescents at a critical stage in their development. Torch Club members learn to elect officers and work together to implement activities in four areas: service to the Club and community, education, health and fitness, and social recreation.

Healthy lifestyles - this program encourages a lifelong commitment to the benefits of healthy nutrition and physical fitness. Activities in this program encourage developing teamwork and fostering good sportsmanship.

The Club also has locally developed programs that are designed to provide members with fun experiences that are hands-on, interactive and intended to develop critical thinking. These are often described as “fun with a purpose.” They include culinary arts, media arts, boat building and design, motorcycle restoration, construction, and aviation.

All the Club’s programs are designed to promote and enhance the development of the Club’s members by instilling a sense of competence, usefulness, belonging, and self-esteem.

#### *Financial Statement Presentation*

The financial statements have been prepared on the accrual basis of accounting. Classification of the Club’s net assets, revenues and expenses are based on the existence or absence of donor- imposed restrictions. The Club classifies net assets by the following categories:

- **Net Assets without Donor Restrictions** - net assets funds that are available without restriction for carrying out the Club’s objectives.
- **Net Assets with Donor Restrictions** - net assets subject to donor-imposed time and/or purpose restrictions. Net assets are released from donor restrictions when a stipulated time restriction ends, or a purpose restriction has been accomplished. Certain restrictions may need to be maintained in perpetuity.

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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### *Recently Issued Accounting Pronouncements Adopted*

#### Revenue Recognition

In May 2014, the FASB issued Accounting Standard Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. Management adopted this standard using the modified retrospective method on July 1, 2020. The initial application was applied to all open contracts as of July 1, 2020 and there were no changes to opening net assets as a result of the adoption.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include highly liquid short-term investments with remaining maturities at the date of purchase of three months or less. Cash equivalents include investments in money market funds that are carried at cost plus accrued interest, which approximates fair value.

#### *Concentration of Credit Risk*

The Club deposits excess cash with a major financial institution. At times, such balances may be in excess of federally insured limits.

#### *Fair Value of Financial Instruments*

Cash and cash equivalents, accounts receivable, promises receivable due in less than one year, grants and contracts receivable, and accounts payable and accrued expenses are reported at cost, which approximates fair value due to the relative terms and short maturity of these instruments. The carrying amount of promises receivable due in more than one year and contributions receivable on donated facilities approximate fair value since they have been discounted to net present value using discounted cash flows. The fair value of the cash surrender value of life insurance is based on the Club's share of the respective life insurance policy as represented by the insurance company and approximates fair value. Paycheck Protection Program (“PPP”) Loan is stated at its carrying value which is not significantly different from current rates that would be available for debt of similar terms.

#### *Accounts Receivable and Allowance for Doubtful Accounts*

Accounts receivable principally consist of uncollateralized obligations related to the Club's special events and auctions. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances and based on an assessment of current credit worthiness, estimates the portion of the balance, if any that will not be collected. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believes its allowance for doubtful accounts as of June 30, 2021 and 2020 is adequate. However, actual write offs could exceed the recorded allowance.

At June 30, 2021, receivables from two donors accounted for approximately 61% and at June 30, 2020, receivables from one donor accounted for approximately 16% of net accounts receivable.

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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### *Promises Receivable*

Unconditional promises receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected beyond one year are recorded at the present value of their future cash flows using risk-adjusted interest rates applicable to the years in which the promises are to be received. An allowance for uncollectible promises receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. As of June 30, 2021, and 2020, all promises receivable are due within one year. Based on the information available, an allowance of \$38,700 has been recorded as of June 30, 2021 and 2020.

At June 30, 2021, net promises receivable from five donors accounted for approximately 75% of net promises receivable. At June 30, 2020, net promises receivable from four donors accounted for approximately 59% of net promises receivable.

### *Grants and Contracts Receivable*

The Club renders services to members under grant agreements with governmental organizations. These agreements typically require the Club to apply for annual renewal. Certain agreements provide for termination by either party upon written notice.

Grants and contracts receivable, all due within one year, are recorded at their net realizable value. Management reviews grants and contracts receivable on a regular basis to determine collectability and estimates the portion of the balance that will not be collected, if any.

Conditional promises to give, this is those with a measurable performance barrier or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Club did not have any conditional contributions at June 30, 2021 or 2020, other than the disclosure noted in Note 15.

At June 30, 2021 receivables from seven grantors accounted for approximately 99% of total grants and contract receivables and at June 30, 2020 receivables from four grantors accounted for approximately 94% of total grants and contract receivables.

### *Donated Use of Facilities*

Donated use of facilities is recorded as contributions at fair value when an unconditional commitment is received from the donor. It is recorded as net assets with donor restrictions and released as the facilities are being used.

Contributions receivable on donated facilities includes the value of the use of certain facilities donated in connection with long-term leases. The fair value of the future contributed use of these facilities is based on the fair value of the use of these facilities over the term of the lease at the date of contribution. The Club ensures that the fair value of the use of the facilities over the life of the lease recorded at the date of contribution does not exceed the fair market value of the underlying asset. The receivables are discounted using a rate of 3%, which approximates the risk-free rate of return.

### *Investments*

Investments are reported at fair value (Note 4). Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and realized and unrealized gains and losses restricted by a donor are reported as increases in unrestricted net assets if the restrictions



# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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are met (either by passage of time or by use) in the reporting period in which the income and changes in fair value are recognized.

The overall valuation process and information sources by major investment classification are as follows:

- **Equity Securities:** These include domestic equities traded on a national securities exchange that are valued at the last reported sales price on the last business day of the fiscal year.
- **Mutual Funds:** These investments are the closing net asset value (NAV) of shares held at fiscal year-end. If the mutual fund makes its net asset values publicly available daily to set the price for purchases and redemption the following day, the mutual fund is categorized within level 1. If the Club cannot redeem its investment at net asset value per share at fiscal year-end but the investment is redeemable with 90 days' notice or less, the mutual fund is categorized within level 2. As of June 30, 2021, and 2020, all mutual funds investment accounts were categorized as level 1.
- **Fixed income securities:** The investment grade corporate bonds held by the Club generally trade in active markets on the measurement date.
- **Exchange traded funds and Commodities:** Securities that are traded on a stock exchange which experience price changes throughout the day as they are bought and sold, and which trades intra-day on a national securities exchange.

Management determines the fair value measurement valuation policies and procedures, including those for level 3 recurring and non-recurring measurement. Management assesses and approves these policies and procedures. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The Club's investments are exposed to various risks, such as market and credit risks. Because of the risk associated with such investments, it is possible that changes in their values will occur and that such changes could materially affect the Club's financial statements.

### *Beneficial Interest in Perpetual Trusts*

Perpetual trusts are held by third parties under arrangements where the Club has irrevocable rights to receive the income earned on the trust assets in perpetuity but never receives the assets held in trust. The trust assets are recorded at fair value as beneficial interest in the trust and contribution income under support with donor restrictions at the date the trust is established. Annual distributions are reported as investment income and included in the accompanying statements of activities as a component of interest and dividends. Adjustments to trust assets are based on the fair value of the underlying investments and are recorded as gains or losses with donor restrictions unless otherwise specified by the donor agreement.

The fair value of the Club's beneficial interest in irrevocable trusts is based on the Club's proportionate share of the underlying fair value of each irrevocable trust as provided by each third-party trustee. Actual results may differ from these valuation assumptions and these differences could significantly affect the accuracy of fair value estimates included in these financial statements.

The underlying assets of each irrevocable trust are Level 1 investments.

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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### *Property and Equipment, Net*

Property and equipment are stated at cost, less accumulated depreciation. Donated property and equipment are recorded at their estimated fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the assets. The estimated useful lives used to compute depreciation range from 3 years to 50 years.

Cost of major additions and improvements that extend the life of the asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

### *Impairment of Long-Lived Assets*

The Club reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended June 30, 2021 and 2020.

### *In-Kind Contributions*

Non-cash items and in-kind gifts are recorded at their fair value on the date they are received. Contributions of services are recognized when the services received: (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Club did not record any contributed services for the years ended June 30, 2021 and 2020. Approximately 650 and 6,000 volunteer hours were provided to the Club during the years ended June 30, 2021 and 2020, respectively. These volunteer services do not meet the criteria for recognition as contributed services.

### *Public Support and Revenue*

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other 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 (i.e. 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 statements of activities as net assets released from restrictions.

For the years ended June 30, 2021 and 2020, revenues from one grantor accounted for approximately 23% and 17% of total public support and revenue, respectively.

### *Special Event Income and Sponsorships*

The Club reviews special event ticket prices and sponsorship agreements to bifurcate which portion of the proceeds is considered an exchange transaction, whereby the participant is receiving commensurate benefit for the amount paid and which amount is considered to be a contribution.

The contribution portion is considered to be conditional upon the occurrence of the event and is therefore recorded as deferred revenue by the Club until the event occurs.

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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The remaining portion of the ticket, where the participant or sponsor receives commensurate value are considered exchange transaction. Revenues are recognized when the promised good or service is transferred, to the participant or sponsor, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The exchange transactions are recognized using the five-step model as follows:

- Identification of the contract with the customer
- Identification of the performance obligation in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligation in the contract
- Recognition of revenues when, or as, performance obligations are satisfied

The Club does not offer any discounts on the sponsorship or exchange portion of the ticket price. The Club considers the performance obligation to a participant to hold the special event, and therefore recognizes revenue when the event is held, and defers any prepayments.

Sponsorships include several performance obligations that are satisfied at the point in time the event is held, including signage and logo displays, tickets to the event, and other networking opportunities based on the agreements. In addition, sponsors may receive tickets for future events, which are satisfied when those events take place. Each sponsor agreement has a set price in the contract, and the Club reviews the applicable performance allocation and allocates the prices based on the standalone selling price, derived from what the charges would be if separately purchased by other companies. The Club recognizes revenue as the performance obligations are satisfied.

As of June 30, 2021 and 2020, the Club recorded deferred revenue of \$396,745 and \$82,331, respectively for monies received for events that have not yet occurred, or other unsatisfied performance obligations.

### *Royalties*

The Club maintains agreements with certain media agencies whereby the agencies contribute a percentage of their earned revenue generated by their advertisement to the Club. The agencies do not restrict the use of these funds. The Club recognizes contributions annually as received, as there are several barriers or conditions that apply per the contracts.

### *Publicity and Promotion*

Publicity and promotion costs are primarily related to the advertising of special events held by the Club. These costs are expensed as incurred. For the years ended June 30, 2021 and 2020, publicity and promotion expense amounted to \$68,925 and \$286,416, respectively.

### *Functional Allocation of Expenses*

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Occupancy costs and general supplies are allocated based on the percentage of square footage in the buildings by each function. The salaries of the executive staff are allocated based on the time spent in each function.

### *Income Taxes*

The Club has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a not-for-profit organization and exempt from state income taxes under similar provisions

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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in the Florida Statutes. Accordingly, no provision for income taxes is required as of June 30, 2021 and 2020.

The Club has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) No. 740 *Income Taxes*. Under ASC 740, the Club must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. Management of the Club does not believe there are any material uncertain tax positions and accordingly has not recognized any liability for unrecognized tax benefits. The Club has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Club has filed Internal Revenue Service Form 990 tax returns as required and all other applicable returns in those jurisdictions where it is required. The Club believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2018. However, the Club is still open to examination by taxing authorities from fiscal year 2018 forward. For the years ended June 30, 2021 and 2020, there was no interest or penalties recorded or included in the statements of activities and changes in net assets.

### *Management’s Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions 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 years then ended. Actual results could differ from those amounts.

### *Accounting Pronouncements to be Adopted*

#### Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. In June 2020, FASB issued ASU 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* that allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2021. Management has elected this deferral and is currently evaluating the impact of this ASU on its financial statements.

#### Contributed Nonfinancial Assets

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Club is currently evaluating the effect the update will have on its financial statements.

### *Reclassifications*

Certain items in the 2020 financial statements were reclassified to conform to the 2021 financial statements. There was no impact on change in net assets as a result of these reclassifications.

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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### 2. Investments

Investments are recorded at fair value and consist of the following at June 30:

	2021	2020
Equity securities	\$ 9,023,759	\$ 6,269,085
Mutual funds	2,137,927	3,140,118
Corporate bonds	6,007,947	6,085,776
Commodities	121,415	-
Exchange-traded funds	6,461,629	3,849,649
<b>Total investments</b>	<b>\$ 23,752,677</b>	<b>\$ 19,344,628</b>

### 3. Beneficial Interest in Perpetual Trusts

The fair market value of the Club's beneficial interest in irrevocable perpetual trusts amounted to \$5,068,650 and \$4,203,503 at June 30, 2021 and 2020, respectively.

During the years ended June 30, 2021 and 2020, the change in market value of the Club's beneficial interest in perpetual trusts amounted to a net gain (loss) of \$865,147 and (\$162,678), respectively, and is included in the accompanying statements of activities as a component of net realized and unrealized gains and (losses) on investments.

### 4. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

*Level 1 inputs* are quoted prices (unadjusted) in active markets for identical assets or liabilities the Club have the ability to access.

*Level 2 inputs* are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

*Level 3 inputs* are unobservable inputs for the asset or liability, used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market data, which requires management to develop its own assumptions.

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# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

The following table presents the Club's investments and beneficial interest in perpetual trusts measured at fair value on a recurring basis, segregated by level within the fair value hierarchy, as of June 30, 2021:

	Fair Value Measurements at Reporting Date Using:			Total
	Quoted Prices In Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
<b>Equity securities:</b>				
Domestic	\$ 8,073,296	\$ -	\$ -	\$ 8,073,296
International	950,463			950,463
<b>Total equity securities</b>	<b>9,023,759</b>	<b>-</b>	<b>-</b>	<b>9,023,759</b>
<b>Mutual funds</b>	<b>2,137,927</b>	<b>-</b>	<b>-</b>	<b>2,137,927</b>
<b>Fixed income securities:</b>				
Corporate bonds	6,007,947	-	-	6,007,947
Commodities	121,415	-	-	121,415
Exchange-traded funds	6,461,629	-	-	6,461,629
<b>Total investments</b>	<b>\$ 23,752,677</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,752,677</b>
<b>Beneficial interest in irrevocable perpetual trusts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,068,650</b>	<b>\$ 5,068,650</b>

The following table presents the Club's investments and beneficial interest in perpetual trusts measured at fair value on a recurring basis, segregated by level within the fair value hierarchy, as of June 30, 2020:

	Fair Value Measurements at Reporting Date Using:			Total
	Quoted Prices In Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
<b>Equity securities:</b>				
Domestic	\$ 5,614,183	\$ -	\$ -	\$ 5,614,183
International	654,902			654,902
<b>Total equity securities</b>	<b>6,269,085</b>	<b>-</b>	<b>-</b>	<b>6,269,085</b>
<b>Mutual funds</b>	<b>3,140,118</b>	<b>-</b>	<b>-</b>	<b>3,140,118</b>
<b>Fixed income securities:</b>				
Corporate bonds	6,085,776	-	-	6,085,776
Exchange-traded funds	3,849,649	-	-	3,849,649
<b>Total investments</b>	<b>\$ 19,344,628</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,344,628</b>
<b>Beneficial interest in irrevocable perpetual trusts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,203,503</b>	<b>\$ 4,203,503</b>

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

There were no transfers between the levels of the fair value hierarchy during the years ended June 30, 2021 and 2020.

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Club has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

Changes in Level 3 assets measured at fair value are as follows for the years ended June 30:

2021				
	Beginning Balance	Payments Received/ Write-off's	Net Unrealized gain	Ending Balance
Beneficial interest in perpetual trusts	\$ 4,203,503	\$ -	\$ 865,147	\$ 5,068,650

  

2020				
	Beginning Balance	Payments Received/ Write-off's	Net Unrealized loss	Ending Balance
Beneficial interest in perpetual trusts	\$ 4,366,181	\$ -	\$ (162,678)	\$ 4,203,503

Gains and losses (realized and unrealized) are reported in realized and unrealized gains and (losses) on investments, net in the accompanying statements of activities.

## 5. Endowment

The Not-for-Profit Entities Presentation of Financial Statements Subtopic of the FASB'S Accounting Standards Codification ("ASC") (ASC 958-205) provides guidance, among other things, on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

### *Interpretation of Relevant Law*

The management of the Club's endowed funds is guided by the laws of the State of Florida specifically, the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Board of Directors of the Club has interpreted FUPMIFA as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Board of Directors classifies as net assets with donor restrictions (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with FUPMIFA, the Club considers the following factors in making a determination to appropriate or funds with donor restrictions:

- 1) The purpose of the Club
- 2) The intent of the donor of the endowment fund

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

- 3) The terms of the applicable instrument
- 4) The long-term and short-term needs of the Club in carrying out its purposes
- 5) General economic conditions
- 6) The possible effect of inflation or deflation
- 7) The other resources of the Club
- 8) Perpetuation of the endowment

### *Return Objectives and Risk Parameters*

The Club has a spending policy of appropriating for distribution each year 4% of its endowment fund's fair value as of June 30<sup>th</sup> of the prior fiscal year. The spending policy only applies to the investment component of the endowment fund. The Board of Directors may also authorize distributions in connection with specific capital projects or other long-term purposes. In establishing this policy, the Club considered the long-term expected investment return on its investment portion of the endowment. Accordingly, over the long term, the Club expects the current spending policy to allow the investment component of the endowment fund to grow at an average of 4% annually. This is consistent with the Club's objective to maintain the purchasing power of the investment endowment assets as well as to provide additional real growth through investment returns. Distributions are generally scheduled for July, the first month of the fiscal year.

### *Strategies Employed for Achieving Objectives*

To meet the needs of the Club, the Club's investment strategy emphasizes a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) by following the strategies outlined above.

### *Spending Policy and How the Investment Objective Relates to Spending Policy*

To achieve the above growth objective, the Club has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Investment endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation protected rate of return that has sufficient liquidity to make an annual distribution of 4% while growing the fund, if possible. Accordingly, the Club expects its investment endowment assets, over time, to produce an average rate of return of approximately 4% annually. Actual returns in any given year may vary from this amount. Earnings on endowment assets are recorded as unrestricted support. The Club has a policy to restrict earnings on endowment until appropriated for expenditure. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the investment component of the endowment fund to unacceptable levels of risk.

Endowment net asset composition by type of fund is as follows as of June 30:

	2021		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Board-designated investments	\$ 4,900,742	\$ -	\$ 4,900,742
Net investment return	5,444,176	-	5,444,176
Donor-restricted investments	-	9,469,595	9,469,595
	\$ 10,344,918	\$ 9,469,595	\$ 19,814,513



# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

	2020		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Board-designated investments	\$ 4,900,742	\$ -	\$ 4,900,742
Net investment return	1,551,347	-	1,551,347
Donor-restricted investments	-	9,469,595	9,469,595
	\$ 6,452,089	\$ 9,469,595	\$ 15,921,684

From time to time, the fair value of assets associated with the donor-restricted endowment funds may fall below the amount required to be retained permanently. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets without donor restrictions and were \$0 as of both June 30, 2021 and 2020.

The Board of Trustees had designated \$4,900,742 of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Changes in endowment net assets are as follows for the years ended June 30:

	2021		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 6,452,089	\$ 9,469,595	\$ 15,921,684
Investment income	601,345	-	601,345
Net appreciation of investments	3,969,336	-	3,969,336
Amount appropriated for expenditure	(677,852)	-	(677,852)
Endowment net assets, end of year	\$ 10,344,918	\$ 9,469,595	\$ 19,814,513

	2020		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 6,853,446	\$ 9,469,595	\$ 16,323,041
Investment income	559,215	-	559,215
Net depreciation of investments	(258,527)	-	(258,527)
Amount appropriated for expenditure	(702,045)	-	(702,045)
Endowment net assets, end of year	\$ 6,452,089	\$ 9,469,595	\$ 15,921,684

The Organization's interest in the beneficial trusts are perpetual in nature, however the assets are managed by separate organizations, and therefore assets are not considered part of the Organization's investment and spending policies, and are therefore not included as part of the endowment assets held by the Organization.

## 6. Notes Receivable

The Club is the holder of an unsecured note receivable and receives payments of principal and interest on an annual basis. The note bears interest at 5.91% per annum and is amortized over 30 years with a maturity date of November 15, 2028. The principal balance of the note as of June 30, 2021 and 2020

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

amounted to \$238,224 and \$297,780, respectively. Interest earned on the note receivable during the years ended June 30, 2021 and 2020, amounted to \$33,438 and \$19,359, respectively.

### 7. Property and Equipment, Net

Property and equipment, net consisted of the following at June 30:

	2021	2020
Land	\$ 2,853,231	\$ 2,853,231
Building and improvements	19,804,572	19,733,480
Equipment and software	2,298,531	2,236,850
Construction in progress	1,171,453	278,059
Transportation equipment	832,612	1,026,079
	26,960,399	26,127,699
Less: accumulated depreciation	(12,993,598)	(12,195,763)
<b>Property and equipment, net</b>	<b>\$ 13,966,801</b>	<b>\$ 13,931,936</b>

The construction in progress at June 30, 2021 and 2020 relates to the teen center as described in Note 15.

### 8. Contributions Receivable on Donated Facilities

The Club operates under long-term leases whose use of the related facilities is donated. The expiration dates and the related receivable associated with each facility consisted of the following at June 30:

2021				
	Expiration Date	Gross Receivable	Unamortized Discount at 3%	Net Receivable
Hollywood	2031	\$ 260,356	\$ (34,103)	\$ 226,253
North Lauderdale	2034	571,642	(32,930)	538,712
Pompano	2024	485,333	(19,465)	465,868
Town of Davie # 1	2039	530,497	(120,140)	410,357
Town of Davie # 2	2101	2,377,524	(1,476,313)	901,211
		\$ 4,225,352	\$ (1,682,951)	\$ 2,542,401

2020				
	Expiration Date	Gross Receivable	Unamortized Discount at 3%	Net Receivable
Hollywood	2031	\$ 287,799	\$ (41,233)	\$ 246,566
North Lauderdale	2034	753,158	(53,626)	699,532
Pompano	2024	667,333	(36,140)	631,193
Town of Davie # 1	2039	561,050	(132,943)	428,107
Town of Davie # 2	2101	2,407,274	(1,503,393)	903,881
		\$ 4,676,614	\$ (1,767,335)	\$ 2,909,279

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# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

	2021	2020
Contributions receivables are expected to be collected in:		
Less than one year	\$ 451,261	\$ 422,257
One year to five years	1,044,449	1,524,715
Over five years	2,729,642	2,729,642
Gross contributions receivable	4,225,352	4,676,614
Less:		
Discount to present value	(1,682,951)	(1,767,335)
<b>Contributions receivable, net</b>	<b>\$ 2,542,401</b>	<b>\$ 2,909,279</b>

### 9. Employee Benefit Plan

The Club sponsors a defined contribution money purchase plan (the "Plan") formed under the administration of the Boys & Girls Clubs of America Master Pension Plan and Trust. The Plan covers substantially all full-time employees meeting certain age and length of service requirements.

At June 30, 2021 and 2020, the Club had a contribution payable to the Plan in the amount of \$432,086 and \$609,797, respectively, which is included as a component of accounts payable and accrued expenses in the accompanying statements of financial position. The Club's contributions to the Plan for the years ended June 30, 2021 and 2020 totaled \$375,669 and \$203,831, respectively, net of forfeiture funds, and is included in employee benefits on the accompanying statements of functional expenses.

### 10. Compensated Absences

The Club's liability for compensated absences of their employees was \$166,366 and \$193,197, which is included in accounts payable and accrued expenses as of June 30, 2021 and 2020, respectively. This represents amounts owed to employees under the Club's paid leave policies.

### 11. Net Assets

Net assets with donor restrictions were available for the following purposes at June 30:

	2021	2020
Program operations	\$ 1,370,724	\$ 1,630,810
Capital projects	-	30,000
Time restrictions	3,562,949	3,953,958
Perpetual restrictions	14,024,336	13,219,442
	<b>\$ 18,958,009</b>	<b>\$ 18,834,210</b>

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors during the years ended June 30 as follows:

	2021	2020
Program operations	\$ 1,673,728	\$ 2,134,889
Capital projects	30,000	44,421
Time restrictions	698,261	683,759
	<b>\$ 2,401,989</b>	<b>\$ 2,863,069</b>

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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### 12. Liquidity

Financial assets and liquidity resources available within one year for general expenditure were as follows:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
Current Assets	\$ 13,189,089	\$ 11,432,523
Less current assets with donor restrictions	(2,199,383)	(3,027,508)
<b>Amounts available</b>	<b>\$ 10,989,706</b>	<b>\$ 8,405,015</b>

In addition, the Club has a line of credit with a financial institution in the amount of \$500,000, as described in Note 13, which it could draw upon in the event of an unanticipated liquidity need. The Club manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Club are expected to be met on a monthly basis from contributions, grants reimbursements and special events activities.

### 13. Line of Credit

The Club maintained a \$500,000 unsecured line of credit with a bank, bearing interest at the 1- month LIBOR rate plus 2%. The Club had no outstanding borrowings as of June 30, 2021 and 2020. The line of credit expired on December 31, 2021.

On December 31, 2021, the Club amended its line of credit whereby extending the term of the facility to March 31, 2022, bearing interest at the daily Bloomberg Short-Term Bank Yield rate plus 2%.

### 14. Related Party Transactions

#### *Boys & Girls Clubs of America*

The Club is a subsidiary of the Boys & Girls Clubs of America. The Club's programs are sanctioned by the Boys & Girls Clubs of America, although its operations and management are independent of the national organization. At June 30, 2021 and 2020, grants receivable from the Boys & Girls Clubs of America amounted to \$3,435 and \$42,101, respectively. For the years ended June 30, 2021 and 2020, grant revenues from the Boys & Girls Clubs of America amounted to \$233,383 and \$265,344, respectively.

#### *Board of Directors*

The Club, during its normal course of operations, receives public support from members of its Board of Directors. At June 30, 2021 and 2020, accounts receivable from members of the Board of Directors amounted to \$23,138 and \$64,351, respectively, net of discount. For the years ended June 30, 2021 and 2020, public support from members of the Board of Directors amounted to \$1,640,701 and \$1,536,522, respectively.

### 15. Commitments and Contingencies

#### *Grant Commitment*

On October 25, 2018, the Club entered into a \$1.5 million agreement with a private donor related to the Club's Great Futures Campaign. The funds from this agreement will be used towards the building of

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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a teen center at the site of the current Rick & Rita Case Boys & Girls Club. Based on the terms of the agreement, the Club has recognized \$500,000 in contribution revenue with donor restriction for the year ended June 30, 2019. Due to the global pandemic, the Club did not meet specific milestones and conditions during the fiscal year ended June 30, 2020 therefore the Club did not receive the 2nd payment due on the contract. The donor has committed to awarding the remaining 2-year term of the agreement for the fiscal years ending June 30, 2022 and June 30, 2023 provided the Club is able to meet the terms of the contract. No amounts toward the \$1 million have been recorded as of June 30, 2021 as the conditions were not achieved.

### *Granting Agencies*

In the normal course of activities, the Club receives grants and other forms of reimbursement from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that all of the expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of audits would not be material.

### *Economic Conditions*

The Club depends substantially on contributions and contributed services for its revenues. The ability of certain Club contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Club's Board of Directors believes the Club has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

### *Litigation*

The Club may be party to legal proceedings, investigations, and claims in the ordinary course of its business. The Club records accruals for outstanding legal matters when it believes, along with legal counsel, it is probable that a loss will be incurred, and the amount can be reasonably estimated. If a loss contingency is not both probable and estimable, the Club does not establish an accrued liability. Management does not believe there is any litigation against the Club other than routine matters arising out of the normal course of activities, all of which are expected to be covered by liability insurance, and none of which are expected to have a material adverse effect on the financial statements.

### *Operating Leases*

The Club leases various office equipment under operating leases. These leases are for various terms starting June 2011 and expire at various dates through 2025.

The following is a schedule of future minimum rental payments under the operating lease agreements as of June 30, 2021:

2022	\$	6,314
2023		6,314
2024		6,314
2025		5,206
Total	\$	24,148

Lease expenses under these leases were \$6,940 and \$6,042 for the years ended June 30, 2021 and 2020, respectively.

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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### 16. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in global exposure.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The Club’s operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Several special events that were scheduled to take place in fiscal years 2020 and 2021 were cancelled due to the pandemic. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. As of the date of this report, the Club’s investment values have not been materially impacted. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Club has taken steps to reduce expenses by lowering staffing patterns to match daily member attendance as well as reducing staffing at its administrative offices. These measures have allowed the club to continue to provide much needed services to the local community while operating at lowered expense levels to offset the reduction in revenue from special events and grant programs. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Club is not able to estimate the total effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future fiscal years. However, as of the date of this report, the effects of the COVID-19 outbreak has not had a material effect on the financial statements.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Club applied for and received an SBA Paycheck Protection Program loan of \$1.3 million in May 2020.

The Club has applied for and has received full forgiveness for the first SBA Paycheck Protection Program loan on May 12, 2021.

The Club applied for and received a second SBA Paycheck Protection Program loan of \$1.3 million in February 2021. The application for these funds requires the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. This certification further requires the Company to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria. The loan has been properly recorded in the Club’s statements of financial position as of June 30, 2021 on the line Paycheck Protection Program Loan. As of the date of this report, the Club has not applied for forgiveness but anticipates that the majority, if not all, of the loan received under the CARES Act will be fully forgiven. Any unforgiven amounts will be payable beginning June 21, 2022 and will begin to accrue interest at 1%. The loan matures on February 21, 2026.

# Boys and Girls Clubs of Broward County, Inc.

## Notes to Financial Statements

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The principal maturities as of June 30, 2021 are as follows:

2022	\$	-
2023		356,768
2024		347,396
2025		350,886
2026		235,880
<b>Total</b>	<b>\$</b>	<b>1,290,930</b>

### 17. Subsequent Events

The date to which events occurring after June 30, 2021, the date of the most recent statement of financial position, has been evaluated by the Club for possible adjustment to the financial statements or disclosure is February 25, 2022. Other than the line of credit extension (Note 13), no material events have occurred since June 30, 2021 that require the recognition or disclosure in the financial statements.

## Supplementary Information

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**Boys and Girls Clubs of Broward County, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

<b>Federal Grantor/Grantor Program Title</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Assistance Listing Number</b>	<b>Granted Period</b>	<b>Total Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>				
Florida Department of Education:				
Summer Food Service Program for Children	04-0782	10.559	6/22/20 to 8/11/20	\$ 70,378
Summer Food Service Program for Children	04-0782	10.559	6/10/21 to 8/17/21	73,833
Florida Department of Health:				
Child and Adult Care Food Program	A-3159	10.558	10/1/19 to 9/30/20	70,279
Child and Adult Care Food Program	A-3159	10.558	10/1/20 to 9/30/21	479,663
<b>Total U.S. Department of Agriculture Pass-Through Programs</b>				<b>694,153</b>
<b><u>U.S. Department of Justice Direct Programs- Pass Through Programs From Florida Department of Health:</u></b>				
Boys & Girls Clubs National Youth Mentoring Programs (Mentoring Grant)	2019-MU-FX-0003	16.726	1/1/20 to 12/31/20	52,140
<b>Total U.S. Department of Justice Direct Programs</b>				<b>52,140</b>
<b><u>U.S. Department of Housing and Urban Development Direct Programs</u></b>				
City of Pompano Beach Community Development Block Grant		14.218	10/01/19 to 9/30/20	12,000
City of Pompano Beach Community Development Block Grant		14.218	10/01/20 to 9/30/21	1,529
City of Hollywood Community Development Block Grant		14.218	10/01/19 to 9/30/20	1,338
City of Hollywood Community Development Block Grant		14.218	10/01/20 to 9/30/21	9,222
City of Fort Lauderdale CDBG		14.218	10/01/20 to 9/30/21	107,195
Harmony Village Community Redevelopment Revitalization Plan		14.218	12/04/01 to 12/04/2021	29,750
<b>Total U.S. Department of Housing and Urban Development Direct Programs</b>				<b>161,034</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 907,327</b>

*The accompanying notes are an integral part of this schedule.*

**Boys and Girls Clubs of Broward County, Inc.**  
**Notes to Schedule of Expenditures of Federal**  
**Awards Year Ended June 30, 2021**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Boys and Girls Clubs of Broward County, Inc. under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Boys and Girls Clubs of Broward County, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Boys and Girls Clubs of Broward County, Inc.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Boys and Girls Clubs of Broward County, Inc. has not awarded any amounts to sub-recipients.

**Note 3. Indirect Cost Rate**

Boys and Girls Clubs of Broward County, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Boys and Girls Clubs of Broward County, Inc.**  
**Schedule of Expenditures of State Financial Assistance**  
**Year Ended June 30, 2021**

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State Grantor/Grantor Program Title	Contract / Grant Number	CSFA Number	Granted Period	Total Expenditures
<b><u>Florida Department of Juvenile Justice Pass-Through Program from:</u></b>				
The Florida Alliance of Boys & Girls Clubs:				
DJJ Gang Prevention Initiatives and SMART Family of Programs Grant	V2039	80.029	7/1/20 to 6/30/21	\$ 219,347
<b><u>Florida Department of Education Pass-Through Program from:</u></b>				
The Florida Alliance of Boys & Girls Clubs:				
Mentoring Student Assistance Initiatives	96449	48.068	7/1/20 to 6/30/21	245,771
<b>Total State Awards</b>				<b>\$ 465,118</b>

**Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes the state grant activity of Boys & Girls Clubs of Broward County, state programs for the year ended June 30, 2021 and is presented on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Florida Auditor General*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Boys and Girls Clubs of Broward County, Inc. has not awarded any amounts to sub-recipients.



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**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

To the Board of Directors  
Boys and Girls Club of Broward County, Inc.  
Fort Lauderdale, Florida

We have audited, in accordance with the 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, the financial statements of Boys and Girls Club of Broward County, Inc. (the "Club"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Club's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. Accordingly, we do not express an opinion on the effectiveness of the Club's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Club's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2021-001, that we consider to be a significant deficiency.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Club's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Club's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Club's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Miami, Florida  
February 25, 2022

*BDO USA, LLP*  
Certified Public Accountants



## **Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Boys and Girls Club of Broward County, Inc.  
Fort Lauderdale, Florida

### **Report on Compliance**

#### ***Opinion on Compliance for Each Major Federal Program***

We have audited Boys and Girls Club of Broward County, Inc. (the "Club") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Club's major federal programs for the year ended June 30, 2021. The Club's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Club complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Club and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Club's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Club's federal programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Club's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Club's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Club's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Club's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Miami, Florida  
February 25, 2022

BDO USA, LLP  
Certified Public Accountants



**Boys and Girls Clubs of Broward County, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

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**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? \_\_\_ Yes    X No
- Significant deficiency (ies) identified? X Yes    \_\_\_ None reported
- Noncompliance material to financial statements noted? \_\_\_ Yes    X No

***Federal Awards***

Internal control over major federal programs:

- Material weakness (es) identified? \_\_\_ Yes    X No
- Significant deficiency (ies) identified? \_\_\_ Yes    X None reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_ Yes    X No

Identification of major federal programs:

Assistance Listing Number

10.558

Name of Federal Program

Child and Adult Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_ Yes    X No

**Boys and Girls Clubs of Broward County, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

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**Section II - Financial Statements Findings**

**2021-001 Financial Statement Close Process**

**Cause:** Due to the continuing COVID-19 pandemic, the Club's accounting department was short staffed during the year with vacant positions that affected the controls over the financial statement close process.

**Criteria:** The general ledger accounts and accounting records used to prepare the financial information of the Club should be analyzed as part of the year-end closing procedures and preparation of the annual financial statements.

**Condition:** Although individually, and in the aggregate, not material to the financial statements as a whole, there were several adjustments proposed to correct the balance of accounts as of year-end as well as adjustments to record revenues in the proper period. In addition, the accounts payable reconciliation was not being performed for several months during the year.

**Effect or Potential Effect:** The account reconciliations and review of account balances were not performed in sufficient detail as of year-end which led to various adjustments. Inadequate review of account balances increases the risk of potential misstatements due to improper recording of transactions in the presentation of the year-end financial statements.

**Recommendation:** We believe that the occurrence of these adjustments could have been reduced, had the general accounts been thoroughly analyzed and reviewed during the preparation of the financial statements. We recommend that the Club fills the vacant accounting positions to enhance the controls over the financial statement close process to ensure the accounting and reporting are timely, accurate and in accordance with applicable standards.

***Views of Responsible Officials:***

Due to the continuing World-Wide COVID-19 Pandemic and nationwide employment challenge during the fiscal year under audit review, the Accounting Department was understaffed and unable to complete the monthly close process in a timely manner. This contributed to the deficiencies in the close process; particularly in the area of reconciliations. The organization aggressively pursued filling the position(s) in a difficult hiring market influenced by COVID and a limited pool of qualified and interested candidates. The Accounting Manager position was successfully filled in November 2021. At the time of the financial statement issuance all reconciliations were completed and a comprehensive review of controls and procedures is planned.



**BOYS & GIRLS CLUBS**  
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## Summary Schedule of Prior Audit Findings

### Status of Prior Year Findings,

**Questioned Programs:** - US Department of Agriculture, Florida Department of Health

#### 2020-001 - Activities Allowed or Unallowed; Allowable Costs/Cost Principles

Information on Federal Program(s) - 10.558 Afterschool Snack and Supper Program

#### Prior Year Finding:

Criteria - Payroll expenditures including requests for reimbursement should include only those costs allowable under the grant agreement. Overtime, compensatory time, holiday pay, paid leave, employee incentives, and severance pay are specifically disallowable under the grant agreement in effect during the fiscal year under audit.

Condition - During our testing of payroll disbursements, we noted that the overtime wages for 5 employees was included as part of payroll charges submitted to the grant for reimbursement.

Cause - An appropriately detailed level of review and approval of payroll charges was not completed prior to submission for reimbursement by the federal program to ensure that overtime costs were not included.

Effect or Potential Effect - Failure to properly adhere to policies and procedures related to allowable costs could result in inaccurate reporting of expenditures during a specified period and possible disallowance of funds.

Known Questioned Costs - \$416

Context - We tested a sample of forty items and found five exceptions as noted in the condition, which represented \$416 in overtime costs overcharged to the grant. This condition was identified per review of management's compliance with specified requirements using a statistically valid sample. In total, per management's fiscal year end payroll report, total organization-wide overtime paid as of June 30, 2020 was \$26,524. The failure of the control over compliance surrounding proper review of allowable costs is considered a significant control deficiency based upon the potential impact of the failure in this control on this and other federal programs.

#### Current Year Status:

Staff has made a conscious effort to carefully review all expenses, especially payroll charges being included in reimbursement requests, to be certain the costs are allowable under the terms of the contract. We have ensured that overtime wages, if any, being included for reimbursement are allowable costs.

### *Dream Makers Society*

*Rita & Rick\* Case - Florence & Lawrence DeGeorge\* - Christy & Larry Hierholzer - Marti & H. Wayne Huizenga\* - Mary Anne & Richard\* Kull  
Christine Lynn - Jamie McDonnell IV - Felix Sabates - Cindy\* & Terry Taylor - Linda & Douglas Von Allmen - Deborah & Gary Wendt*

\*In Memoriam