

Boys and Girls Clubs of Broward County, Inc.

Financial Statements and
Additional Information
For the Years Ended June 30, 2022 and 2021



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.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Boys and Girls Clubs of Broward County, Inc. (a nonprofit organization) (the "Club"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Club 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.

Prior Period Financial Statements

The financial statements of the Club as of June 30, 2021, were audited by other auditors whose report dated February 25, 2022, expressed an unmodified opinion on those statements.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Club's ability to continue as a going concern for 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Club'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 Club'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 December 15, 2022, on our consideration of the Club'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 the Club'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 the Club's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 15, 2022

FINANCIAL STATEMENTS



Boys and Girls Clubs of Broward County, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 8,601,644	\$ 11,462,088
Accounts receivable, net of allowance for doubtful accounts of \$ 15,000 and \$ 34,433, respectively	379,107	201,270
Promises receivable, net	55,088	135,088
Notes receivables, current portion	29,778	29,778
Grants and contracts receivable	848,401	876,831
Contribution receivable on donated facilities, net of discounts of \$ 100,239 and \$ 100,239, respectively	389,534	322,019
Prepaid expenses and other current assets	243,424	162,015
	<u>10,546,976</u>	<u>13,189,089</u>
Total current assets		
Noncurrent assets:		
Cash surrender value of life insurance	484,179	456,179
Notes receivable	178,668	208,446
Investments	23,603,152	23,752,677
Beneficial interest in perpetual trusts	4,155,301	5,068,650
Contribution receivable on donated facilities, net of discounts of \$ 1,509,489 and \$ 1,582,713, respectively	1,845,215	2,220,382
Property and equipment, net	15,285,574	13,966,801
	<u>45,552,089</u>	<u>45,673,135</u>
Total noncurrent assets		
	<u>\$ 56,099,065</u>	<u>\$ 58,862,224</u>
Total assets		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,047,778	\$ 1,425,188
Deferred revenue and refundable advances	114,522	396,745
	<u>1,162,300</u>	<u>1,821,933</u>
Total current liabilities		
Long-term liabilities:		
Debt - Paycheck Protection Program	-	1,290,930
	<u>-</u>	<u>1,290,930</u>
Total long-term liabilities		
	<u>1,162,300</u>	<u>3,112,863</u>
Total liabilities		
Net Assets:		
Without donor restrictions	35,203,524	36,791,352
With donor restrictions	19,733,241	18,958,009
	<u>54,936,765</u>	<u>55,749,361</u>
Total net assets		
	<u>\$ 56,099,065</u>	<u>\$ 58,862,224</u>
Total liabilities and net assets		

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

Boys and Girls Clubs of Broward County, Inc.
Statements of Activities
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains (Losses):						
Public Support:						
Special events	\$ 3,507,804	\$ -	\$ 3,507,804	\$ 839,577	\$ -	\$ 839,577
Contributions	3,503,758	26,895	3,530,653	2,943,313	37,558	2,980,871
Broward County grants and contracts	2,217,612	-	2,217,612	2,183,119	-	2,183,119
Other grants and contracts	3,821,527	3,430,195	7,251,722	3,056,061	1,623,083	4,679,144
Royalties	232,255	-	232,255	255,724	-	255,724
Other income	41,956	-	41,956	86,387	-	86,387
In-Kind contributions	73,224	-	73,224	39,896	-	39,896
Membership dues	61,843	-	61,843	37,049	-	37,049
Investment income (loss), net	(2,761,142)	-	(2,761,142)	4,649,621	-	4,649,621
Distributions from and change in value of beneficial interest in trust	190,821	(913,349)	(722,528)	239,961	865,147	1,105,108
Net assets released from restrictions	1,768,509	(1,768,509)	-	2,401,989	(2,401,989)	-
Total revenue, support and gains (losses)	12,658,167	775,232	13,433,399	16,732,697	123,799	16,856,496
Expenses:						
Program services:						
Youth development	11,042,980	-	11,042,980	9,755,786	-	9,755,786
Supporting services:						
Management and general	1,025,097	-	1,025,097	923,627	-	923,627
Fundraising and special events	3,486,249	-	3,486,249	1,129,705	-	1,129,705
Total supporting services	4,511,346	-	4,511,346	2,053,332	-	2,053,332
Total expenses	15,554,326	-	15,554,326	11,809,118	-	11,809,118
Non-operating revenue						
Gain on extinguishment of debt - Paycheck Protection Program	1,308,331	-	1,308,331	1,290,930	-	1,290,930
Total non-operating revenue	1,308,331	-	1,308,331	1,290,930	-	1,290,930
Change in net assets	(1,587,828)	775,232	(812,596)	6,214,509	123,799	6,338,308
Net Assets, Beginning of Year	36,791,352	18,958,009	55,749,361	30,576,843	18,834,210	49,411,053
Net Assets, End of Year	\$ 35,203,524	\$ 19,733,241	\$ 54,936,765	\$ 36,791,352	\$ 18,958,009	\$ 55,749,361

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

Boys and Girls Clubs of Broward County, Inc.
Statement of Functional Expense
For the Year Ended June 30, 2022

	Program Services	Supporting Services			Total
	Youth Development	Management and General	Fundraising and Special Events	Total Supporting Services	
Salaries and Benefits:					
Salaries	\$ 4,633,951	\$ 501,219	\$ 560,269	\$ 1,061,488	\$ 5,695,439
Payroll taxes and benefits	294,209	14,856	50,420	65,276	359,485
Total salaries and benefits	<u>4,928,160</u>	<u>516,075</u>	<u>610,689</u>	<u>1,126,764</u>	<u>6,054,924</u>
Other Expenses:					
Occupancy	727,221	18,136	1,232	19,368	746,589
Maintenance and repairs	687,516	36,056	34,658	70,714	758,230
Utilities	485,403	11,874	9,681	21,555	506,958
Insurance	769,997	14,541	14,541	29,082	799,079
Professional fees	24,204	232,848	39,126	271,974	296,178
Postage and shipping	888	3,952	6,152	10,104	10,992
Telephone and communications	27,207	12,930	16,030	28,960	56,167
Supplies and equipment	1,130,851	24,559	26,820	51,379	1,182,230
Printing and publications	32,562	2,210	100,434	102,644	135,206
Dues and subscriptions	37,345	19,465	-	19,465	56,810
Travel and transportation	352,241	531	134,828	135,359	487,600
Scholarships	59,563	-	-	-	59,563
Bank and credit card fees	-	-	99,920	99,920	99,920
Bad debt expense	-	-	106,967	106,967	106,967
Miscellaneous	635	18,362	6,616	24,978	25,613
Entertainment and decorations	11,041	-	939,121	939,121	950,162
Food and catering	872,067	26,932	872,683	899,615	1,771,682
Other event costs	-	-	245,117	245,117	245,117
Publicity and promotion	106	34,687	198,163	232,850	232,956
Interest expense	-	17,401	-	17,401	17,401
Total other expenses	<u>5,218,847</u>	<u>474,484</u>	<u>2,852,089</u>	<u>3,326,573</u>	<u>8,545,420</u>
Total expenses before provision for depreciation	<u>10,147,007</u>	<u>990,559</u>	<u>3,462,778</u>	<u>4,453,337</u>	<u>14,600,344</u>
Provision for depreciation	<u>895,973</u>	<u>34,538</u>	<u>23,471</u>	<u>58,009</u>	<u>953,982</u>
Total expenses	<u>\$ 11,042,980</u>	<u>\$ 1,025,097</u>	<u>\$ 3,486,249</u>	<u>\$ 4,511,346</u>	<u>\$ 15,554,326</u>

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

Boys and Girls Clubs of Broward County, Inc.
Statement of Functional Expense
For the Year Ended June 30, 2021

	Program Services		Supporting Services			Total
	Youth Development	Management and General	Fundraising and Special Events	Total Supporting Services		
Salaries and Benefits:						
Salaries	\$ 4,252,404	\$ 526,244	\$ 456,612	\$ 982,856	\$ 5,235,260	
Payroll taxes and benefits	318,708	20,976	56,334	77,310	396,018	
Total salaries and benefits	<u>4,571,112</u>	<u>547,220</u>	<u>512,946</u>	<u>1,060,166</u>	<u>5,631,278</u>	
Other Expenses:						
Occupancy	723,793	16,854	924	17,778	741,571	
Maintenance and repairs	563,056	20,833	21,134	41,967	605,023	
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	
Total other expenses	<u>4,275,953</u>	<u>333,820</u>	<u>587,317</u>	<u>921,137</u>	<u>5,197,090</u>	
Total expenses before provision for depreciation	8,847,065	881,040	1,100,263	1,981,303	10,828,368	
Provision for depreciation	<u>908,721</u>	<u>42,587</u>	<u>29,442</u>	<u>72,029</u>	<u>980,750</u>	
Total expenses	<u>\$ 9,755,786</u>	<u>\$ 923,627</u>	<u>\$ 1,129,705</u>	<u>\$ 2,053,332</u>	<u>\$ 11,809,118</u>	

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

Boys and Girls Clubs of Broward County, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (812,596)	\$ 6,338,308
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation	953,982	980,750
Increase in cash surrender value of life insurance	(28,000)	(41,212)
Bad debt expense	106,967	43,500
Rent expense on donated facilities	698,261	698,261
Gain on disposal of property and equipment	-	(36,540)
Contribution revenue from donated facilities	(317,385)	(247,000)
Change in value of beneficial interest in perpetual trusts	913,349	(865,147)
Net realized and unrealized (gains) losses on investments	3,250,675	(3,829,706)
Amortization of discount	(73,224)	(84,383)
Gain on extinguishment of debt - Paycheck Protection Program	(1,290,930)	(1,290,930)
(Increase) decrease in assets:		
Accounts receivable	(177,837)	(150,466)
Promises receivable	80,000	(88,833)
Notes receivable	29,778	-
Grants and contracts receivable	28,430	(479,236)
Prepaid expenses and other current assets	(81,409)	69,507
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(377,410)	56,461
Deferred revenue and refundable advances	(282,223)	314,414
Net cash provided by (used in) operating activities	<u>2,620,428</u>	<u>1,387,748</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(2,272,755)	(1,026,168)
Purchases of investments	(14,672,412)	(18,374,470)
Proceeds from the sale of investments	11,434,517	17,796,127
Proceeds from sale of property and equipment	-	47,093
Repayments received on notes receivable	29,778	59,556
Net cash provided by (used in) investing activities	<u>(5,480,872)</u>	<u>(1,497,862)</u>
Cash Flows From Financing Activities:		
Proceeds from debt - Paycheck Protection Program	-	1,290,930
Net cash provided by (used in) financing activities	<u>-</u>	<u>1,290,930</u>
Net increase (decrease) in cash and cash equivalents	(2,860,444)	1,180,816
Cash and Cash Equivalents, Beginning of Year	<u>11,462,088</u>	<u>10,281,272</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,601,644</u>	<u>\$ 11,462,088</u>

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

Note 1 – Organization and Operations

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.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The Club uses the accrual basis of accounting for financial reporting purposes, which is in accordance with generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU No. 2016-14, the Club is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Revenue Recognition: The Club records special event revenue when the underlying event takes place. Amounts received in advance are deferred to the applicable period.

The Club recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived. Assets received before the barriers are overcome are accounted for as refundable advances. As of June 30, 2022 and 2021, there are \$ 55,088 and \$ 135,099, respectively, in promises receivable.

A portion of the Club's revenue is derived from cost-reimbursable state, county, and city contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Club has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2022 and 2021 is adequate. However, actual write-offs could exceed the recorded allowance.

At June 30, 2022, receivables from two donors accounted for approximately 11% and at June 30, 2021, receivables from two donors accounted for approximately 61% of net accounts receivable.

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, 2022 and 2021, all promises receivable are due within one year. Based on the information available, an allowance of \$ 118,700 and \$ 38,700 has been recorded as of June 30, 2022 and 2021, respectively.

At June 30, 2022, net promises receivable from four donors accounted for approximately 77% of net promises receivable. At June 30, 2021, net promises receivable from five donors accounted for approximately 75% 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, that 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, 2022 and 2021, other than the disclosure noted in Note 16.

At June 30, 2022 receivables from five grantors accounted for approximately 80% of total grants and contract receivables and at June 30, 2021 receivables from seven grantors accounted for approximately 99% 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions receivable on donated facilities include 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. For the years ended June 30, 2022 and 2021, in-kind contributions related to donated facilities amounted to \$ 73,224 and \$ 39,896, respectively.

Investments: Investments are reported at fair value (Note 5). 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 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, 2022 and 2021, 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 trade 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 3 investments.

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, 2022 and 2021.

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, 2022 and 2021. Approximately 4,885 and 650 volunteer hours were provided to the Club during the years ended June 30, 2022 and 2021, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

For the years ended June 30, 2022 and 2021, revenues from one grantor accounted for approximately 26% and 23% 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.

The remaining portion of the ticket, where the participant or sponsor receives commensurate value is considered an 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, 2022 and 2021, the Club recorded deferred revenue of \$ 114,522 and \$ 396,745, 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 to 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, 2022 and 2021, publicity and promotion expense amounted to \$ 232,956 and \$ 68,925, respectively.

Note 2 - Summary of Significant Accounting Policies (continued)

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 in the Florida Statutes. Accordingly, no provision for income taxes is required as of June 30, 2022 and 2021.

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 2019. However, the Club is still open to examination by taxing authorities from fiscal year 2019 forward. For the years ended June 30, 2022 and 2021, 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.

Recently Issued Accounting Pronouncements Adopted:

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. Management adopted this standard in the current fiscal year and there were no changes to opening net assets as a result of the adoption.

Note 2 - Summary of Significant Accounting Policies (continued)

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 *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.

Reclassifications: Certain items in the 2021 financial statements were reclassified to conform to the 2022 financial statements. There was no impact on change in net assets as a result of these reclassifications.

Date of management review: Management has evaluated subsequent events through December 15, 2022, the date the financial statements were available to be issued and has concluded that there were no such events that require adjustment to the financial statements or disclosure in the notes to the financial statements.

Note 3 - Investments

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

	<u>2022</u>	<u>2021</u>
Equity securities	\$ 8,145,642	\$ 9,023,759
Mutual funds	952,555	2,137,927
Corporate bonds	7,831,058	6,007,947
Commodities	170,907	121,415
Exchange-traded funds	<u>6,502,990</u>	<u>6,461,629</u>
Total investments	\$ <u><u>23,603,152</u></u>	\$ <u><u>23,752,677</u></u>

Note 4 - Beneficial Interest in Perpetual Trusts

The fair market value of the Club's beneficial interest in irrevocable perpetual trusts amounted to \$ 4,155,301 and \$ 5,068,650 at June 30, 2022 and 2021, respectively.

During the years ended June 30, 2022 and 2021, the change in market value of the Club's beneficial interest in perpetual trusts amounted to a net gain (loss) of (\$ 913,349) and \$ 865,147, respectively, and is included in the accompanying statements of activities as a component of net realized and unrealized gains and (losses) on investments.

Note 5 - Fair Value Measurements

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.

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, 2022:

	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	
Equity securities:				
Domestic	\$ 7,723,508	\$ -	\$ -	\$ 7,723,508
International	422,134	-	-	422,134
Total equity securities	<u>8,145,642</u>	<u>-</u>	<u>-</u>	<u>8,145,642</u>
Mutual Funds	952,555	-	-	952,555
Fixed income securities:				
Corporate bonds	7,831,058	-	-	7,831,058
Commodities	170,907	-	-	170,907
Exchange-traded funds	<u>6,502,990</u>	<u>-</u>	<u>-</u>	<u>6,502,990</u>
Total investment	<u>\$ 23,603,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,603,152</u>
Beneficial interest in irrevocable perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,155,301</u>	<u>\$ 4,155,301</u>

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Note 5 - Fair Value Measurements (continued)

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	
Equity securities:				
Domestic	\$ 8,073,296	\$ -	\$ -	\$ 8,073,296
International	950,463	-	-	950,463
Total equity securities	<u>9,023,759</u>	<u>-</u>	<u>-</u>	<u>9,023,759</u>
Mutual Funds	2,137,927	-	-	2,137,927
Fixed income securities:				
Corporate bonds	6,007,947	-	-	6,007,947
Commodities	121,415	-	-	121,415
Exchange-traded funds	<u>6,461,629</u>	<u>-</u>	<u>-</u>	<u>6,461,629</u>
Total investment	<u>\$ 23,752,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,752,677</u>
Beneficial interest in irrevocable perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,068,650</u>	<u>\$ 5,068,650</u>

There were no transfers between the levels of the fair value hierarchy during the years ended June 30, 2022 and 2021.

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:

	2022			Ending Balance
	Beginning Balance	Payments Received/ Write-off's	Net investment gain (loss)	
Beneficial interest in perpetual trusts	<u>\$ 5,068,650</u>	<u>\$ (190,821)</u>	<u>\$ (722,528)</u>	<u>\$ 4,155,301</u>

Note 5 - Fair Value Measurements (continued)

	2021			
	Beginning Balance	Payments Received/ Write-off's	Net investment gain (loss)	Ending Balance
Beneficial interest in perpetual trusts	\$ 4,203,503	\$ (239,961)	\$ 1,105,108	\$ 5,068,650

Gains and losses (realized and unrealized) are reported in investment income, net in the accompanying statements of activities.

Note 6 -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
- 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 30th 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.

Note 6 -Endowment (continued)

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:

	2022		
	Net Assets without donor Restrictions	Net Assets with donor Restrictions	Total
Board-designated investments	\$ 4,900,742	\$ -	\$ 4,900,742
Net investment return	2,705,130	-	2,705,130
Donor-restricted investments	-	9,469,595	9,469,595
	<u>\$ 7,605,872</u>	<u>\$ 9,469,595</u>	<u>\$ 17,075,467</u>
	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
	<u>\$ 10,344,918</u>	<u>\$ 9,469,595</u>	<u>\$ 19,814,513</u>

Note 6 -Endowment (continued)

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, 2022 and 2021.

The Board of Directors had designated \$ 4,900,742 of net assets without donor restrictions as a general endowment fund to support the mission of the Club. 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:

	2022		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 10,344,918	\$ 9,469,595	\$ 19,814,513
Investment income	554,717	-	554,717
Net appreciation of investments	(3,293,763)	-	(3,293,763)
Amount appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 7,605,872</u>	<u>\$ 9,469,595</u>	<u>\$ 17,075,467</u>
	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	<u>\$ 10,344,918</u>	<u>\$ 9,469,595</u>	<u>\$ 19,814,513</u>

The Club'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 Club's investment and spending policies, and are therefore not included as part of the endowment assets held by the Club.

Note 7 - 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, 2022 and 2021 amounted to \$ 208,446 and \$ 238,224 respectively. Interest earned on the note receivable during the years ended June 30, 2022 and 2021, amounted to \$ 12,994 and \$ 33,438, respectively.

Note 8 - Property and Equipment, Net

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

	<u>2022</u>	<u>2021</u>
Land	\$ 2,853,231	\$ 2,853,231
Building and improvements	22,575,508	19,804,572
Equipment and software	2,690,903	2,298,531
Construction in progress	272,900	1,171,453
Transportation equipment	<u>840,612</u>	<u>832,612</u>
Less: accumulated depreciation	<u>(13,947,580)</u>	<u>(12,993,598)</u>
Property and equipment, net	<u>\$ 15,285,574</u>	<u>\$ 13,966,801</u>

The construction in progress at June 30, 2022 and 2021 relates to the teen center as described in Note 16.

Note 9 - 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:

		<u>2022</u>		
	<u>Expiration Date</u>	<u>Gross Receivable</u>	<u>Unamortized Discount at 3%</u>	<u>Net Receivable</u>
Hollywood	2031	\$ 232,913	\$ (27,591)	\$ 205,322
North Lauderdale	2034	453,787	(17,125)	436,662
Pompano	2024	303,333	(7,819)	295,514
Town of Davie #1	2039	506,670	(107,879)	398,791
Town of Davie #2	2101	<u>2,347,774</u>	<u>(1,449,314)</u>	<u>898,460</u>
		<u>\$ 3,844,477</u>	<u>\$ (1,609,728)</u>	<u>\$ 2,234,749</u>
		<u>2021</u>		
	<u>Expiration Date</u>	<u>Gross Receivable</u>	<u>Unamortized Discount at 3%</u>	<u>Net Receivable</u>
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	<u>2,377,524</u>	<u>(1,476,313)</u>	<u>901,211</u>
		<u>\$ 4,225,352</u>	<u>\$ (1,682,951)</u>	<u>\$ 2,542,401</u>

Note 9 - Contributions Receivable on Donated Facilities (continued)

	<u>2022</u>	<u>2021</u>
Contributions receivables are expected to be collected in:		
Less than one year	\$ 451,261	\$ 451,261
One year to five years	744,589	1,044,449
Over five years	<u>2,648,628</u>	<u>2,729,642</u>
Gross contributions receivable	3,844,478	4,225,352
Less:		
Discount to present value	<u>(1,609,729)</u>	<u>(1,682,951)</u>
Contributions receivable, net	\$ <u><u>2,234,749</u></u>	\$ <u><u>2,542,401</u></u>

Note 10 - 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, 2022 and 2021, the Club had a contribution payable to the Plan in the amount of \$ 77,000 and \$ 432,086, 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, 2022 and 2021 totaled \$ 222,523 and \$ 375,669, respectively, net of forfeiture funds, and is included in employee benefits on the accompanying statements of functional expenses.

Note 11 - Compensated Absences

The Club's liability for compensated absences of their employees was \$ 154,983 and \$ 166,366, which is included in accounts payable and accrued expenses as of June 30, 2022 and 2021, respectively. This represents amounts owed to employees under the Club's paid leave policies.

Note 12 - Net Assets

	<u>2022</u>	<u>2021</u>
Program operations	\$ 3,353,457	\$ 1,370,724
Capital projects	86,724	-
Time restrictions	2,997,042	3,562,949
Perpetual restrictions	<u>13,296,018</u>	<u>14,024,336</u>
	\$ <u><u>19,733,241</u></u>	\$ <u><u>18,958,009</u></u>

Boys and Girls Clubs of Broward County, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Note 12 - Net Assets (continued)

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:

	<u>2022</u>	<u>2021</u>
Program operations	\$ 1,066,972	\$ 1,673,728
Capital projects	3,276	30,000
Time restrictions	<u>698,261</u>	<u>698,261</u>
	<u>\$ 1,768,509</u>	<u>\$ 2,401,989</u>

Note 13 - Liquidity

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

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 8,601,644	\$ 11,462,088
Investments	23,603,152	23,752,677
Accounts receivable, net	379,107	201,270
Promises receivable, net	55,088	135,088
Notes receivable	29,778	29,778
Grants and contracts receivable	<u>848,401</u>	<u>876,831</u>
Financial assets at year-end	33,517,170	36,457,732
Less those unavailable for general expenditures within one year, due to: Donor-imposed restrictions making financial assets unavailable for general expenditure	<u>(19,733,241)</u>	<u>(18,958,009)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 13,783,929</u>	<u>\$ 17,499,723</u>

In addition, the Club has a line of credit with a financial institution in the amount of \$ 500,000, as described in Note 14, 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.

Note 14 - Line of Credit

The Club maintains a \$ 500,000 unsecured line of credit with a bank, bearing interest at the daily Bloomberg Short-Term Bank Yield rate plus 2%. The Club had no outstanding borrowings as of June 30, 2022 and 2021. The line of credit expires on March 31, 2023.

Note 15 - 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, 2022 and 2021, grants receivable from the Boys & Girls Clubs of America amounted to \$ 52,140 and \$ 3,435, respectively. For the years ended June 30, 2022 and 2021, grant revenues from the Boys & Girls Clubs of America amounted to \$ 211,081 and \$ 233,383 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, 2022 and 2021, accounts receivable from members of the Board of Directors amounted to \$ 42,338 and \$ 23,138, respectively, net of discount. For the years ended June 30, 2022 and 2021, public support from members of the Board of Directors amounted to \$ 1,484,548 and \$ 1,640,701, respectively.

Note 16 - 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 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 has still not met specific milestones and conditions, 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, 2023 and 2024 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, 2022, 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.

Note 16 - Commitments and Contingencies (continued)

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.

Note 17 - 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.

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 applied for and 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 Club applied for and received full forgiveness for the second SBA Paycheck Protection Program loan on July 6, 2022.

Note 18 - Subsequent Events

The date to which events occurring after June 30, 2022, 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 December 15, 2022. No material events have occurred since June 30, 2022 that require the recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION



**Boys and Girls Clubs of Broward County, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended June 30, 2022**

Federal/State Grantor/Pass-through Grantor/ Federal Program/State Project or Cluster Title	Pass-Through Entity Identifying Number	Assistance Listing Number/CSFA Number	Granted Period	Total Expenditures
Federal Agency Name:				
U.S. Department of Agriculture - Pass-through State of Florida Department of Education -				
Summer Food Service Program for Children	04-0782	10.559	6/10/21 to 8/13/21	\$ 175,703
Summer Food Service Program for Children	04-0782	10.559	6/10/22 to 8/11/22	121,156
Pass-through State of Florida Department of Health -				
Child and Adult Care Food Program	A-3159	10.558	10/1/20 to 9/30/21	118,352
Child and Adult Care Food Program	A-3159	10.558	10/1/21 to 9/30/22	837,165
Child and Adult Care Food Program	A-3159	10.558	10/1/20 to 9/30/21	105,561
Total U.S. Department of Agriculture				<u>1,357,937</u>
U.S. Department of Justice - Pass-through State of Florida Department of Health -				
Boys & Girls Clubs National Youth Mentoring Programs (Mentoring Grant)	2019-MU-FX-0003	16.726	1/1/21 to 12/31/21	<u>55,310</u>
Total U.S. Department of Justice				<u>55,310</u>

See notes to schedule of expenditures of federal awards and state financial assistance.

Boys and Girls Clubs of Broward County, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance
(continued)
For the Year Ended June 30, 2022

Federal/State Grantor/Pass-through Grantor/ Federal Program/State Project or Cluster Title	Pass-Through Entity Identifying Number	Assistance Listing Number/CSFA Number	Granted Period	Total Expenditures
U.S. Department of Housing and Urban Development -				
Town of Davie Community Development Block Grant		14.218	10/1/20 to 9/30/21	29,750
City of Pompano Beach Community Development Block Grant		14.218	10/1/20 to 9/30/21	8,471
City of Pompano Beach Community Development Block Grant		14.218	10/1/21 to 9/30/22	3,328
City of Hollywood Community Development Block Grant		14.218	10/1/21 to 9/30/22	7,983
City of Fort Lauderdale Development Block Grant		14.218	10/1/20 to 9/30/21	148,390
City of Fort Lauderdale Development Block Grant		14.218	6/1/21 to 7/29/21	<u>30,427</u>
Total U.S. Department of Housing and Urban Development				<u>228,349</u>
Total Expenditures of Federal Awards				<u>\$ 1,641,596</u>

See notes to schedule of expenditures of federal awards and state financial assistance.

**Boys and Girls Clubs of Broward County, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended June 30, 2022**

Federal/State Grantor/Pass-through Grantor/ Federal Program/State Project or Cluster Title	CFDA/CSFA No.	Contract/Grant No.	Granted Period	Total Expenditures
State Agency Name:				
Florida Department of Juvenile Justice - Pass - Through Program from:				
The Florida Alliance of Boys & Girls Clubs: DJJ Gang Prevention Initiatives and SMART Family of Programs Grant				
	V2039	80.029	7/1/21 to 6/30/22	\$ 214,226
	-	80.029	1/1/22 to 6/30/22	48,064
The Florida Alliance of Boys & Girls Clubs: DCF Opioid Awareness				
		93.788	9/1/21 to 6/30/22	<u>70,031</u>
Total Florida Department of of Juvenile Justice				<u>332,321</u>
Florida Department of Education Pass - Through Program from:				
The Florida Alliance of Boys & Girls Clubs: Mentoring Student Assistance Initiatives				
	96449	48.068	7/1/21 to 6/30/22	<u>240,460</u>
Total Expenditures of State Financial Assistance				<u><u>\$ 572,781</u></u>

See notes to schedule of expenditures of federal awards and state financial assistance.

Boys and Girls Clubs of Broward County, Inc.
Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance
June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state award activity of Boys and Girls Clubs of Broward County, Inc. under programs of the federal and state government for the year ended June 30, 2022. 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) and Chapter 10.650, *Rules of the Florida Auditor General*. 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 and Chapter 10.650, *Rules of the Florida Auditor General*, 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.

INTERNAL CONTROLS AND COMPLIANCE

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 Clubs of Broward County, Inc.

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 Clubs of Broward County, Inc. (a nonprofit Club) (the "Club"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022.

Report on 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) to determine the 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 entity'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Report on 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 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*.

Club's Response to Finding

Government Accounting Standards requires the auditor to perform limited procedures on the Club's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Club's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 15, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Boys and Girls Clubs of Broward County, Inc.'s (a nonprofit Club) (the "Club") compliance with the types of compliance requirements identified 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, 2022. 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 types of 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, 2022.

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; 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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.

Boys and Girls Clubs of Broward County, Inc.

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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 15, 2022

**Boys and Girls Clubs of Broward County, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Programs

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal program(s):

<u>CFDA No.</u>	<u>Federal Program(s)</u>
10.558	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 no

Boys and Girls Clubs of Broward County, Inc.
Schedule of Findings and Questioned Costs
(continued)
For the Year Ended June 30, 2022

Section II - Financial Statements Findings

Current Year Findings:

None

Prior Year Finding:

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.

2022 Update/Status: During our audit, we noted that the Club had filled some of the positions internally, but there were still delays in getting some information. The personnel promoted to the new positions still needed time to learn their new roles and this contributed to the delays. It appears that improvements have been made, but there were areas that were not completed and provided to the auditors in a timely manner.

Views of Responsible Officials:

Although the Accounting Department was fully staffed by the end of the fiscal year under audit review, the staff, either newly hired or promoted to new positions, continued to undergo extensive training to ensure compliance with the requirements of the closing process. We continue to review all controls and procedures, with changes planned to improve the monthly and year-end review prior to the start of future annual audits. There have already been improvements put in place that contributed to a much more efficient year end close this year, with many more accounts reconciled prior to the start of audit fieldwork. With the continued review and updates planned over the next few months, we anticipate a much smoother process for the next fiscal year end audit. We will evaluate the need for additional staffing once the training process is complete.