

**BOYS & GIRLS CLUBS OF PALM BEACH  
COUNTY, INC. AND AFFILIATES  
REPORT ON AUDITS OF CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020**

# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

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## Independent Auditor's Report

Boards of Directors of  
Boys & Girls Clubs of Palm Beach County, Inc.,  
Boys & Girls Clubs of Palm Beach County Foundation, Inc., and  
Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.  
West Palm Beach, Florida

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates (a non-profit Organization) (the Organization) which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

### Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates as of September 30, 2021 and 2020, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

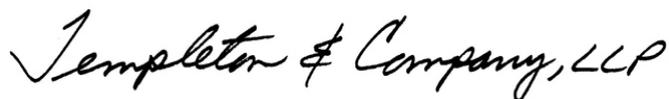
## Other Matters

### Report on Supplementary and Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated 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 2021 consolidated financial statements. Such information and the consolidating information listed in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. The supplementary and consolidating information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary and consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary and consolidating information is fairly stated in all material respects in relation to the consolidated 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 January 30, 2022, on our consideration of the Organization'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 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 Organization'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 Organization's internal control over financial reporting and compliance.



West Palm Beach, Florida  
January 30, 2022

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2021 and 2020**

|  | 2021          | 2020          |
|--|---------------|---------------|
| <b>ASSETS</b>  |               |               |
| Current assets:  |               |               |
| Cash, cash equivalents and restricted cash                 | \$ 8,120,246  | \$ 5,844,711  |
| Investments  | 13,315,409    | 11,057,594    |
| Grants and accounts receivable, net                        | 1,949,983     | 2,378,307     |
| Current portion of unconditional promises to give, net     | 323,800       | 207,250       |
| Prepaid expenses   | 527,206       | 562,323       |
| Total current assets                                       | 24,236,644    | 20,050,185    |
| Property and equipment, net                                | 20,092,510    | 20,647,620    |
| Unconditional promises to give, net of current portion     | 243,749       | 583,178       |
| Note receivable - New Market Tax Credit                    | 5,719,080     | 5,719,080     |
| Beneficial interest in assets held by Community Foundation | 195,706       | 154,471       |
| Other assets   | 155,090       | 148,189       |
| Total assets   | \$ 50,642,779 | \$ 47,302,723 |
| <b>LIABILITIES AND NET ASSETS</b>                          |               |               |
| Current liabilities:                                       |               |               |
| Accounts payable and accrued expenses                      | \$ 1,083,327  | \$ 915,664    |
| Current portion of long-term debt                          | 193,426       | 217,435       |
| Deferred revenue   | 1,769,076     | 1,756,966     |
| Total current liabilities                                  | 3,045,829     | 2,890,065     |
| Long-term debt, net  | 7,773,350     | 9,363,046     |
| Total liabilities  | 10,819,179    | 12,253,111    |
| Net assets:  |               |               |
| Without donor restrictions                                 | 19,879,057    | 15,143,558    |
| With donor restrictions                                    | 19,944,543    | 19,906,054    |
| Total net assets   | 39,823,600    | 35,049,612    |
| Total liabilities and net assets                           | \$ 50,642,779 | \$ 47,302,723 |

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Years Ended September 30, 2021 and 2020**

|  | For the Year Ended September 30, 2021 |                            |               | For the Year Ended September 30, 2020 |                            |               |
|--|---------------------------------------|----------------------------|---------------|---------------------------------------|----------------------------|---------------|
|  | Without Donor<br>Restrictions         | With Donor<br>Restrictions | Total         | Without Donor<br>Restrictions         | With Donor<br>Restrictions | Total         |
| Revenues and support:  |                                       |                            |               |                                       |                            |               |
| Contributions and grants   | \$ 5,470,945                          | \$ 1,040,595               | \$ 6,511,540  | \$ 5,228,109                          | \$ 2,963,958               | \$ 8,192,067  |
| Federal, state and local government grants   | 7,073,161                             | -                          | 7,073,161     | 6,406,271                             | -                          | 6,406,271     |
| Special events, net of direct expenses   | 2,373,446                             | -                          | 2,373,446     | 2,570,508                             | -                          | 2,570,508     |
| Program revenue  | 278,068                               | -                          | 278,068       | 158,521                               | -                          | 158,521       |
| Snack bar and vending, net   | 12,984                                | -                          | 12,984        | (1,436)                               | -                          | (1,436)       |
| Donated facilities and goods   | 2,146,873                             | -                          | 2,146,873     | 3,489,815                             | -                          | 3,489,815     |
| Other  | 68,946                                | 57,191                     | 126,137       | 49,190                                | 57,179                     | 106,369       |
| Conditional loan forgiveness (Note 9)  | 1,489,330                             | -                          | 1,489,330     | -                                     | -                          | -             |
| Total revenue and support before net assets released<br>from donor restrictions      | 18,913,753                            | 1,097,786                  | 20,011,539    | 17,900,978                            | 3,021,137                  | 20,922,115    |
| Net assets released from restrictions  | 1,059,297                             | (1,059,297)                | -             | 797,784                               | (797,784)                  | -             |
| Total revenue and support  | 19,973,050                            | 38,489                     | 20,011,539    | 18,698,762                            | 2,223,353                  | 20,922,115    |
| Expenses:  |                                       |                            |               |                                       |                            |               |
| Program services:  |                                       |                            |               |                                       |                            |               |
| Character and leadership development   | 1,993,420                             | -                          | 1,993,420     | 2,045,222                             | -                          | 2,045,222     |
| Education and career development   | 3,020,803                             | -                          | 3,020,803     | 3,099,300                             | -                          | 3,099,300     |
| Sports, fitness and recreation   | 3,833,502                             | -                          | 3,833,502     | 3,933,120                             | -                          | 3,933,120     |
| Health and life skills   | 1,533,404                             | -                          | 1,533,404     | 1,573,249                             | -                          | 1,573,249     |
| Cultural arts  | 2,445,777                             | -                          | 2,445,777     | 2,509,332                             | -                          | 2,509,332     |
| Technology   | 1,955,091                             | -                          | 1,955,091     | 2,005,892                             | -                          | 2,005,892     |
| Total program services   | 14,781,997                            | -                          | 14,781,997    | 15,166,115                            | -                          | 15,166,115    |
| Supporting services:   |                                       |                            |               |                                       |                            |               |
| Management and general   | 1,251,361                             | -                          | 1,251,361     | 1,263,263                             | -                          | 1,263,263     |
| Fund raising   | 946,579                               | -                          | 946,579       | 970,938                               | -                          | 970,938       |
| Total expenses   | 16,979,937                            | -                          | 16,979,937    | 17,400,316                            | -                          | 17,400,316    |
| Change in net assets before<br>non-operating activities                              | 2,993,113                             | 38,489                     | 3,031,602     | 1,298,446                             | 2,223,353                  | 3,521,799     |
| Transfer of assets   | -                                     | -                          | -             | (995,008)                             | 995,008                    | -             |
| Net investment return  | 1,861,402                             | -                          | 1,861,402     | 1,090,412                             | -                          | 1,090,412     |
| Net unrealized gain on beneficial interest in assets<br>held by Community Foundation | 41,235                                | -                          | 41,235        | 12,241                                | -                          | 12,241        |
| Interest expense   | (160,251)                             | -                          | (160,251)     | (112,628)                             | -                          | (112,628)     |
| Change in net assets   | 4,735,499                             | 38,489                     | 4,773,988     | 1,293,463                             | 3,218,361                  | 4,511,824     |
| Net assets - beginning of year   | 15,143,558                            | 19,906,054                 | 35,049,612    | 13,850,095                            | 16,687,693                 | 30,537,788    |
| Net assets - end of year   | \$ 19,879,057                         | \$ 19,944,543              | \$ 39,823,600 | \$ 15,143,558                         | \$ 19,906,054              | \$ 35,049,612 |

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended September 30, 2021**

|                                    | Program Services                     |                                  |                                |                        |               |              | Supporting Services    |              | Total Expenses |
|------------------------------------|--------------------------------------|----------------------------------|--------------------------------|------------------------|---------------|--------------|------------------------|--------------|----------------|
|                                    | Character and Leadership Development | Education and Career Development | Sports, Fitness and Recreation | Health and Life Skills | Cultural Arts | Technology   | Management and General | Fund Raising |                |
| Marketing and public relations     | \$ 5,921                             | \$ 8,975                         | \$ 11,389                      | \$ 4,556               | \$ 7,267      | \$ 5,809     | \$ 3,658               | \$ 2,812     | \$ 50,387      |
| Conferences and staff training     | 2,533                                | 3,838                            | 4,865                          | 1,948                  | 3,107         | 2,484        | 1,564                  | 1,202        | 21,541         |
| Core programs                      | 133,166                              | 201,798                          | 256,089                        | 102,436                | 163,385       | 130,605      | 102,343                | 63,219       | 1,153,042      |
| Employee benefits                  | 72,856                               | 110,405                          | 140,108                        | 56,043                 | 89,389        | 71,455       | 45,001                 | 34,587       | 619,844        |
| Equipment leasing and maintenance  | 25,965                               | 39,346                           | 49,932                         | 19,973                 | 31,857        | 25,465       | 16,037                 | 12,326       | 220,901        |
| Insurance                          | 76,246                               | 115,542                          | 146,627                        | 58,651                 | 93,548        | 74,780       | 47,094                 | 36,197       | 648,685        |
| Building maintenance               | 80,924                               | 122,632                          | 155,624                        | 62,250                 | 99,288        | 79,369       | 49,984                 | 38,418       | 688,489        |
| In-kind food program and other     | 242,711                              | 367,801                          | 466,752                        | 186,701                | 297,788       | 238,044      | 149,914                | 115,223      | 2,064,934      |
| In-kind utilities                  | 14,363                               | 21,765                           | 27,621                         | 11,048                 | 17,622        | 14,087       | 8,871                  | 6,819        | 122,196        |
| Supplies and office expenses       | 22,927                               | 34,743                           | 44,090                         | 17,636                 | 28,129        | 22,486       | 14,161                 | 10,883       | 195,055        |
| Permits and dues                   | 2,550                                | 3,864                            | 4,904                          | 1,961                  | 3,129         | 2,501        | 1,575                  | 1,211        | 21,695         |
| Payroll taxes                      | 84,406                               | 127,908                          | 162,320                        | 64,928                 | 103,560       | 82,783       | 52,135                 | 40,071       | 718,111        |
| Postage and shipping               | 550                                  | 834                              | 1,059                          | 423                    | 675           | 540          | 342                    | 261          | 4,684          |
| Professional fees                  | 11,025                               | 16,708                           | 21,203                         | 8,481                  | 13,527        | 10,813       | 6,810                  | 5,234        | 93,801         |
| Salaries and casual labor          | 1,004,309                            | 1,521,914                        | 1,931,364                      | 772,546                | 1,232,210     | 984,996      | 620,328                | 476,780      | 8,544,447      |
| Recruitment                        | 9,057                                | 13,724                           | 17,417                         | 6,967                  | 11,112        | 8,883        | 5,594                  | 4,300        | 77,054         |
| Dues and subscriptions             | 11,014                               | 16,691                           | 21,182                         | 8,473                  | 13,514        | 10,803       | 6,803                  | 5,229        | 93,709         |
| Telephone                          | 10,509                               | 15,926                           | 20,210                         | 8,084                  | 12,894        | 10,307       | 6,490                  | 4,989        | 89,409         |
| Utilities                          | 25,716                               | 38,970                           | 49,454                         | 19,782                 | 31,552        | 25,222       | 15,885                 | 12,208       | 218,789        |
| Travel and lodging                 | 36,661                               | 55,556                           | 70,502                         | 28,201                 | 44,980        | 35,956       | 22,644                 | 17,404       | 311,904        |
| Enhancement activities             | 2,392                                | 3,625                            | 4,600                          | 1,840                  | 2,935         | 2,346        | 1,479                  | 1,136        | 20,353         |
| Miscellaneous                      | 17,565                               | 26,616                           | 33,778                         | 13,511                 | 21,550        | 17,227       | 10,848                 | 8,571        | 149,666        |
| Bad debt expense (recoveries), net | (252)                                | (382)                            | (485)                          | (194)                  | (309)         | (247)        | (155)                  | (120)        | (2,144)        |
| Total expenses before depreciation | 1,893,114                            | 2,868,800                        | 3,640,605                      | 1,456,245              | 2,322,709     | 1,856,714    | 1,189,405              | 898,960      | 16,126,552     |
| Depreciation                       | 100,306                              | 152,003                          | 192,897                        | 77,159                 | 123,068       | 98,377       | 61,956                 | 47,619       | 853,385        |
| Total expenses                     | \$ 1,993,420                         | \$ 3,020,803                     | \$ 3,833,502                   | \$ 1,533,404           | \$ 2,445,777  | \$ 1,955,091 | \$ 1,251,361           | \$ 946,579   | \$ 16,979,937  |

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended September 30, 2020**

|                                    | Program Services                     |                                  |                                |                        |                     |                     | Supporting Services    |                   | Total Expenses       |
|------------------------------------|--------------------------------------|----------------------------------|--------------------------------|------------------------|---------------------|---------------------|------------------------|-------------------|----------------------|
|                                    | Character and Leadership Development | Education and Career Development | Sports, Fitness and Recreation | Health and Life Skills | Cultural Arts       | Technology          | Management and General | Fund Raising      |                      |
| Marketing and public relations     | \$ 4,751                             | \$ 7,201                         | \$ 9,138                       | \$ 3,655               | \$ 5,830            | \$ 4,660            | \$ 2,934               | \$ 2,257          | \$ 40,426            |
| Conferences and staff training     | 1,920                                | 2,909                            | 3,692                          | 1,477                  | 2,356               | 1,883               | 1,186                  | 911               | 16,335               |
| Core programs                      | 143,097                              | 216,847                          | 275,186                        | 110,074                | 175,569             | 140,345             | 88,386                 | 67,933            | 1,217,437            |
| Employee benefits                  | 69,115                               | 104,736                          | 132,913                        | 53,165                 | 84,799              | 67,786              | 42,690                 | 32,811            | 588,014              |
| Equipment leasing and maintenance  | 27,612                               | 41,842                           | 53,100                         | 21,240                 | 33,878              | 27,081              | 17,055                 | 13,108            | 234,915              |
| Insurance                          | 49,681                               | 75,286                           | 95,541                         | 38,216                 | 60,955              | 48,726              | 30,686                 | 23,585            | 422,676              |
| Building maintenance               | 58,856                               | 89,189                           | 113,184                        | 45,274                 | 72,211              | 57,724              | 36,353                 | 27,941            | 500,731              |
| In-kind food program and other     | 404,639                              | 613,183                          | 778,151                        | 311,260                | 496,460             | 396,857             | 249,931                | 192,096           | 3,442,577            |
| In-kind utilities                  | 15,033                               | 22,781                           | 28,910                         | 11,564                 | 18,445              | 14,744              | 9,286                  | 7,137             | 127,901              |
| Supplies and office expenses       | 47,109                               | 71,388                           | 90,593                         | 36,237                 | 57,799              | 46,203              | 29,097                 | 22,364            | 400,789              |
| Permits and dues                   | 1,265                                | 1,916                            | 2,432                          | 973                    | 1,552               | 1,240               | 781                    | 600               | 10,760               |
| Payroll taxes                      | 81,316                               | 123,225                          | 156,376                        | 62,551                 | 99,768              | 79,752              | 50,226                 | 38,603            | 691,817              |
| Postage and shipping               | 382                                  | 578                              | 734                            | 293                    | 468                 | 374                 | 236                    | 181               | 3,245                |
| Professional fees                  | 18,364                               | 27,828                           | 35,315                         | 14,126                 | 22,531              | 18,011              | 11,343                 | 8,718             | 156,236              |
| Salaries and casual labor          | 933,027                              | 1,413,895                        | 1,794,282                      | 717,713                | 1,144,752           | 915,084             | 576,299                | 442,940           | 7,937,991            |
| Recruitment                        | 6,663                                | 10,097                           | 12,813                         | 5,125                  | 8,175               | 6,535               | 4,115                  | 3,163             | 56,687               |
| Dues and subscriptions             | 4,043                                | 6,126                            | 7,774                          | 3,110                  | 4,960               | 3,965               | 2,497                  | 1,919             | 34,394               |
| Telephone                          | 10,826                               | 16,405                           | 20,818                         | 8,327                  | 13,282              | 10,617              | 6,687                  | 5,139             | 92,102               |
| Utilities                          | 22,955                               | 34,785                           | 44,143                         | 17,657                 | 28,163              | 22,513              | 14,178                 | 10,897            | 195,292              |
| Travel and lodging                 | 35,703                               | 54,104                           | 68,659                         | 27,464                 | 43,805              | 35,016              | 22,052                 | 16,949            | 303,752              |
| Enhancement activities             | 15,270                               | 23,139                           | 29,365                         | 11,746                 | 18,735              | 14,976              | 9,432                  | 7,249             | 129,911              |
| Miscellaneous                      | 12,096                               | 18,329                           | 23,261                         | 9,304                  | 14,840              | 11,863              | 7,471                  | 5,742             | 102,907              |
| Bad debt expense (recoveries), net | (3,176)                              | (4,813)                          | (6,108)                        | (2,443)                | (3,897)             | (3,115)             | (1,962)                | (1,508)           | (27,024)             |
| Total expenses before depreciation | 1,960,542                            | 2,970,976                        | 3,770,272                      | 1,508,109              | 2,405,435           | 1,922,840           | 1,210,958              | 930,737           | 16,679,870           |
| Depreciation                       | 84,681                               | 128,324                          | 162,848                        | 65,139                 | 103,897             | 83,052              | 52,304                 | 40,201            | 720,446              |
| Total expenses                     | <u>\$ 2,045,222</u>                  | <u>\$ 3,099,300</u>              | <u>\$ 3,933,120</u>            | <u>\$ 1,573,249</u>    | <u>\$ 2,509,332</u> | <u>\$ 2,005,892</u> | <u>\$ 1,263,263</u>    | <u>\$ 970,938</u> | <u>\$ 17,400,316</u> |

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended September 30, 2021 and 2020**

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Cash flows from operating activities:   |                     |                     |
| Change in net assets  | \$ 4,773,988        | \$ 4,511,824        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                     |                     |
| Depreciation  | 853,385             | 720,446             |
| Amortization of in-kind rent  | 47,551              | 45,237              |
| Conditional loan forgiveness - Paycheck Protection Program loan                                       | (1,489,330)         | -                   |
| Realized and unrealized gains on investments, net   | (1,576,925)         | (947,104)           |
| Unrealized gain on beneficial interest in assets held by Community Foundation                         | (41,235)            | (12,241)            |
| Contributions received for long-term investment   | (1,298,900)         | (4,537,689)         |
| (Increase) decrease in operating assets:  |                     |                     |
| Unconditional promises to give, net   | 222,879             | 160,487             |
| Grants and accounts receivable, net   | 428,324             | (893,520)           |
| Prepaid expenses  | 35,117              | 48,047              |
| Other assets  | (6,901)             | (12,242)            |
| Increase in operating liabilities:  |                     |                     |
| Accounts payable and accrued expenses   | 167,663             | 316,881             |
| Deferred revenue  | <u>12,109</u>       | <u>402,814</u>      |
| Net cash provided by (used in) operating activities   | <u>2,127,725</u>    | <u>(197,060)</u>    |
| Cash flows from investing activities:   |                     |                     |
| Purchases of investments, net of sales proceeds   | (680,890)           | (2,476,178)         |
| Purchases of property and equipment   | <u>(345,825)</u>    | <u>(4,752,524)</u>  |
| Net cash used in investing activities   | <u>(1,026,715)</u>  | <u>(7,228,702)</u>  |
| Cash flows from financing activities:   |                     |                     |
| Contributions received for long-term investment   | 1,298,900           | 4,537,689           |
| Principal payments on long-term debt  | (124,375)           | (106,407)           |
| Proceeds from Paycheck Protection Program loan  | <u>-</u>            | <u>1,537,000</u>    |
| Net cash provided by financing activities   | <u>1,174,525</u>    | <u>5,968,282</u>    |
| Net increase (decrease) in cash and cash equivalents and restricted cash                              | 2,275,535           | (1,457,480)         |
| Cash, cash equivalents and restricted cash, beginning of year   | <u>5,844,711</u>    | <u>7,302,191</u>    |
| Cash, cash equivalents and restricted cash, end of year   | <u>\$ 8,120,246</u> | <u>\$ 5,844,711</u> |
| Interest paid   | <u>\$ 7,748</u>     | <u>\$ 11,604</u>    |

See accompanying notes to consolidated financial statements.

# **BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

#### Nature of activities and organization

The Boys & Girls Clubs of Palm Beach County, Inc. (the Club) is a not-for-profit organization which provides educational, athletic and social services to children and teenagers throughout Palm Beach County. The Club's Affiliate, Boys & Girls Clubs of Palm Beach County Foundation, Inc. (the Foundation), is a not-for-profit organization organized to solicit, accept and administer funds and property donated to the Foundation in order to ensure, in perpetuity, the financial stability of the Boys & Girls Clubs of Palm Beach County, Inc. Another affiliate, the Boys and Girls Clubs of Palm Beach County Leverage Lender, Inc. (Leverage Lender) is a Florida not-for-profit organization which provides for New Market Tax Credit (NMTC) financing (see Note 14). The Organization encompasses the Club, Foundation and Leverage Lender.

The Organization has a long-standing commitment to meeting the needs of members and the general community through six broad program classifications:

Character and leadership development – Which involves, nurturing and guiding youthful potential and developing a moral compass through programs, volunteerism and community projects.

Education and career development – Encourages success through acquiring knowledge and developing a positive attitude toward learning while encouraging vocational competence through daily homework help, literacy programs, computer training, and employability skills training.

Sports, fitness and recreation – Promoting teamwork and constructive use of leisure time through athletic leagues, individual sports and social competence.

Health and life skills – Developing positive behaviors that help increase a young person's capacity to engage in positive behaviors that nurture their own well-being, set personal goals and live successfully as self-sufficient adults.

Cultural arts – Providing cultural enrichment through numerous programs that utilize the arts to address issues related to youth culture. Collaboration with multiple sectors of the community provide innovative and challenging cultural enrichment for young people.

Technology/STEM – Embracing a technological future by providing programs that give members basic computer skills, introducing them to digital movie making, music making, photography, graphic design and web development, homework help and educational software.

#### Principles of consolidation

The consolidated financial statements include the accounts of the Boys & Girls Clubs of Palm Beach County, Inc., the Boys & Girls Clubs of Palm Beach County Foundation, Inc., and the Boys and Girls Clubs of Palm Beach County Leverage Lender, Inc., for which the Club has both control and economic interest. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### Basis of presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Net assets

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

**Net assets without donor restrictions** – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual arrangements with creditors or others that are entered into in the course of operations.

**Net assets with donor restrictions** – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are donor-imposed endowment funds.

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

Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the assets are placed in service by the Organization, unless the donor provided more specific directions about the period of its use.

Measure of operations

The Organization's operating activities include revenues that are earned as a result of providing programs and supporting activities and expenses related to providing these programs and supporting activities. Operating activities also include amounts released from donor restrictions. Non-operating activities include non-operating expenses, endowment and investment gains and losses related to donor restricted endowment investments, as well as, the unrealized gains and losses related to the Organization's beneficial interest in assets held by Community Foundation.

Classification of transactions

All revenue and net gains are reported as increases in net assets without donor restrictions in the consolidated statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses, other than losses on endowment investments, are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Contributions

Contributions, including unconditional promises (pledges) to give, are recognized in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Contributions, continued

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. Amounts pledged are recorded as contributions of net assets with donor restrictions if designated by the donors as such. Promises that remain uncollected more than one year after their due dates are written off unless the donor indicates that payment is merely postponed.

Contributions of assets other than cash are reported at their estimated fair value at the date of the gift. The Organization reports non-cash contributions as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Contributions of long-lived assets with explicit donor restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue, program, and support recognition

The Organization recognizes revenue from program and supporting activities in the period the activity is provided, and amounts received in advance of services are recorded as deferred revenue.

Membership dues to the Club are recognized as revenue over time, as the performance obligation is access to sign up for Club programs.

Program fees for parent-pay programs are recognized over time as weekly programming is delivered. Fees associated with programming contracts are recognized as programming is delivered.

Special events represents various activities undertaken to raise funds for the Organization for unrestricted purposes. Special events revenue is recognized as revenue at the time of the event. Amounts received prior to the event are reported as deferred revenue. The Organization had special event revenues of \$2,903,691 less related direct expenses of \$530,245 for the year ended September 30, 2021 and revenues of \$3,541,963 less direct expenses of \$971,455 for the year ended September 30, 2020.

Grant revenue

The Organization receives various grants from federal, state, and local agencies, as well as private foundations for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenue from grants are deemed earned and recognized in the consolidated statements of activities when expenditures are made for the purposes specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred revenue.

Donated facilities, goods, and services

Donated goods are recorded at their fair value on the date donated and are reflected as contributions in the accompanying consolidated statement of activities. Donated facilities represent the excess of the fair rental value of the building or land leases over below market rent payments due under lease agreements.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Donated facilities, goods, and services, continued

Time donated by volunteers is not recorded in the consolidated financial statements as these services do not require specialized skills or create or enhance nonfinancial assets and, therefore, do not meet the recognition criteria.

Donated facilities and goods recognized as revenue for the years ended September 30, 2021 and 2020 are as follows:

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Use of recreational facilities, Belle Glade Schools | \$ 502,904          | \$ 463,524          |
| Use of recreational facilities, DeGeorge Club       | 156,804             | 156,804             |
| Use of other facilities                             | 235,500             | 235,500             |
| Land under lease, Wellington (see Note 7)           | 96,449              | 19,256              |
| Amortization of discount                            | 39,380              | 59,064              |
| Utilities   | 122,196             | 127,901             |
| Food  | <u>993,640</u>      | <u>2,427,766</u>    |
| Total   | <u>\$ 2,146,873</u> | <u>\$ 3,489,815</u> |

Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts, and other highly liquid investments with an original maturity of three months or less. For purposes of the consolidated statements of cash flows, all investment instruments without donor restrictions with original maturities of three months or less are considered cash equivalents.

Restricted cash

Cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows as of September 30, 2021 and 2020 consists of the following:

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 7,486,695        | \$ 4,940,224        |
| Restricted cash   | <u>633,551</u>      | <u>904,487</u>      |
| Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows | <u>\$ 8,120,246</u> | <u>\$ 5,844,711</u> |

Restricted cash consists of funds set aside for construction and certain operating expenses of the New Market Tax Credit (NMTC) (Note 14).

Note receivable – New Market Tax Credit (NMTC)

The note receivable – NMTC is collateralized by membership interests related to the NMTC transaction (see Notes 9 and 14) and is stated at the principal amount. The Organization has one class of financing receivable from a highly credible financial institution. Management continues to monitor and assess the credit worthiness of the NMTC note based on indicators such as collateralization and collection experience. As of September 30, 2021 and 2020, no allowance has been established as the Organization deems the note to be fully collectible given the credit worthiness of the financial institution and membership interests.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Investments

Investments consist of money market funds, mutual funds, common stocks, alternative investments, corporate bonds and a donor advised account. Investments are carried at fair value. The donor advised account is redeemable based on its net asset value (NAV) provided by the investment manager. Investments received as contributions are recorded at quoted market prices or estimated fair value on the date of receipt. The resulting fair value is intended to represent a good faith approximation of the amount that the funds could reasonably expect to receive from the investment if the interest were sold at the time of valuation, based on information reasonably available to the manager at the time the valuation is made.

Investment income and realized gains and losses on investments are recognized upon realization. Unrealized gains and losses are recognized based on changes in fair values during the period. Net investment returns are reported in appropriate net asset classifications based upon the existence of donor restrictions, if any.

Investments are exposed to various risks such as interest rate risk, market risk, economic risk, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near-term.

Beneficial interest in assets held by Community Foundation

Beneficial interest in assets held by Community Foundation for Palm Beach and Martin Counties (the Community Foundation) represents the fiscal year end value of an endowment fund. The Organization previously entered into an agreement to establish this fund at the Community Foundation with funds received from a donor which were then transferred to the Community Foundation and specified itself as the primary beneficiary. The agreement permits the Community Foundation to substitute another beneficiary in place of the Organization if the Organization ceases to exist or, if the governing board of the Community Foundation decides that the stated restrictions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served by the Community Foundation.

Grants and accounts receivable

Grants receivable represent amounts owed to the Organization from federal, state and local grants for services rendered under contractual obligations and grants from Boys and Girls Clubs of America, corporations and foundations. Certain grants are payable upon the submission of specified documentation. All outstanding grants receivable are expected to be collected within one year and are considered collectible.

An account receivable is recorded when the Organization has a right to consideration in exchange for goods or services that the Organization has provided. These accounts receivable are evaluated for collectability and allowances for amounts deemed potentially uncollectible are determined based on historical trends and aging of these balances. The allowance for doubtful accounts was approximately \$20,000 and \$22,000 at September 30, 2021 and 2020, respectively.

Property and equipment

Property and equipment is stated at cost if purchased or, if acquired by contribution, at the estimated market value on the date of contribution. The Organization's policy is to capitalize assets greater than \$5,000 at acquisition. The Organization provides for depreciation on property and equipment over the estimated useful lives of the related assets using the straight-line method.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Property and equipment, continued

The estimated useful lives are summarized in the following table:

|                                     |             |
|-------------------------------------|-------------|
| Building and leasehold improvements | 10-39 years |
| Vehicles                            | 5 years     |
| Equipment and furniture             | 3-10 years  |

Income taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been recorded in the consolidated financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2021 or 2020. The Organization is no longer subject to income tax examinations for fiscal years prior to 2018.

Fair value of financial instruments

Financial instruments include cash and cash equivalents, restricted cash, grants and accounts receivable, unconditional promises to give in less than one year, accounts payable, deferred revenue, and accrued expenses, and are stated at carrying value at year-end, which approximates their fair values due to the short-term nature of these instruments. The carrying amount of unconditional promises to give due in more than one year and contributions receivable at donated facilities approximate fair value since they have been discounted to the net present value using discounted cash flows.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Occupancy, depreciation, insurance, and maintenance costs are allocated using a percentage basis dependent on the programs and supporting activities occupying the space.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Functional allocation of expenses, continued

- Certain salaries, benefits and payroll taxes (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, and support services based on time studies and budgeted allocations.
- Information technology, utilities, insurance, and supplies that cannot be directly identified are allocated using a percentage basis most appropriate to the particular cost being allocated.

Management periodically evaluates the basis on which the costs are allocated when new space or programs are added. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

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

Recently adopted accounting pronouncement

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts, whether or not written, with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying five steps listed in the guidance. ASU 2014-09 also requires disclosure of both quantitative and qualitative information that enables users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from customers. The Organization adopted ASU 2014-09 as of October 1, 2020, using the modified retrospective approach. The Organization's revenue recognition practices under ASU 2014-09 are not materially different from historical accounting practices. Therefore, adoption of this ASU did not have a significant impact on the consolidated financial statements.

New accounting pronouncements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The guidance in this ASU requires not-for-profit entities to present nonfinancial assets as a separate line item in the statement of activities from contributions of cash and other financial assets. The ASU also requires disclosures including the use of the contributed nonfinancial assets, the policy of monetizing or utilizing contributed nonfinancial assets, description of donor-imposed restrictions associated with contributed nonfinancial assets, and the valuation techniques and inputs to measure the contributed nonfinancial assets at fair value. The ASU is required to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating effects the ASU will have on its consolidated financial statements.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

New accounting pronouncements, continued

In February 2016, the FASB issued guidance on lease accounting. The new guidance will continue to classify leases as either finance or operating and will result in the lessee recording a right-of-use asset and a corresponding lease liability on its balance sheet, with classification affecting the presentation for annual periods beginning on or after December 15, 2021, and early adoption is permitted. A modified retrospective approach is required for all leases existing or entered into after the beginning of the earliest comparative period in the financial statements. The Organization is currently evaluating effects the ASU will have on its consolidated financial statements.

**Note 2 – Liquidity and Availability of Resources**

Financial assets available for general expenditure within one year of September 30, 2021 and 2020 are as follows:

|   | <u>2021</u>          | <u>2020</u>         |
|---|----------------------|---------------------|
| Financial assets:   |                      |                     |
| Cash and cash equivalents   | \$ 8,120,246         | \$ 5,844,711        |
| Grants and accounts receivable, net                                 | 1,949,983            | 2,378,307           |
| Investments   | 13,315,409           | 11,057,594          |
| Unconditional promises to give – to be received in one year         | <u>323,800</u>       | <u>207,250</u>      |
| Total financial assets  | 23,709,438           | 19,487,862          |
| Less financial assets held to meet donor-imposed restrictions:      |                      |                     |
| Purpose-restricted net assets (Note 12)                             | (3,161,408)          | (4,071,323)         |
| Donor-restricted endowment funds perpetual in nature (Note 12)      | (8,917,050)          | (7,635,897)         |
| Less restricted cash on financial assets (Note 1)                   | <u>(633,551)</u>     | <u>(904,487)</u>    |
| Amount available for general operating expenditures within one year | <u>\$ 10,997,429</u> | <u>\$ 6,876,155</u> |

The above table reflects donor-restricted and any board-designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization's programs. However, in the case of need, the Board of Directors could appropriate resources from the donor restricted endowment funds for general use. Note 13 provides more information about those funds and about the spending policies for all endowment funds.

As part of the Organization's liquidity management, the Organization invests cash in excess of daily requirements in cash equivalents and money market accounts. In the event of unanticipated liquidity need, the Organization has a line of credit available that can be used to meet its current obligations, if necessary (Note 8).

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 3 – Investments**

Investments are recorded at fair value and consist of the following at September 30, 2021 and 2020:

|                         | 2021          | 2020          |
|-------------------------|---------------|---------------|
| Money market funds      | \$ 364,955    | \$ 349,937    |
| Mutual funds            | 7,222,314     | 5,007,923     |
| Corporate bonds         | 2,300,963     | 2,618,780     |
| Alternative investments | 676,042       | 666,501       |
| Common stocks           | 2,751,135     | 2,414,453     |
| Total investments       | \$ 13,315,409 | \$ 11,057,594 |

The following schedule summarizes the net investment return on the Organization’s investments for the years ended September 30, 2021 and 2020:

|                                    | 2021         | 2020         |
|------------------------------------|--------------|--------------|
| Dividends and interest             | \$ 290,176   | \$ 143,308   |
| Realized and unrealized gains, net | 1,571,226    | 947,104      |
| Net investment return              | \$ 1,861,402 | \$ 1,090,412 |

Net investment return includes \$32,296 and \$86,681 of direct investment expenses for the years ended September 30, 2021 and 2020, respectively.

**Note 4 – Note Receivable, New Market Tax Credit**

The note receivable – NMTC is due from Twain Investment Fund 342, LLC (Twain or Investment Fund), an unrelated party, with interest at 1.0% per annum. The note receivable – NMTC requires interest annually through December 2027, at which point interest and principal payments will be due at a rate sufficient to amortize the note receivable – NMTC through the maturity date of December 2046. The note is collateralized by a security interest in the membership interests of the community development entity. Accrued interest on the note receivable – NMTC is \$42,893 for each of the years then ended September 30, 2021 and 2020, respectively, and is included in other assets.

The note payable – NMTC and regulatory agreement restricts the use of funds to the Organization which qualifies as a qualified active low-income community business for the term of the loan. The balance of the note payable – NMTC at September 30, 2021 and 2020 is \$ \$8,022,000 (Note 9).

**Note 5 – Fair Value Measurements**

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Investments are measured at fair value. Accounting guidance provides for the use of NAV as a practical expedient for estimating the fair value of the private funds. Accordingly, NAV reported by fund management is used to estimate the fair value of the Organization’s interest.

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 – Quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 5 – Fair Value Measurements, Continued**

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of the fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no significant changes in the methodologies used during the years ended September 30, 2021 and 2020:

*Money market funds* – institutional short-term investment vehicles valued daily with a NAV of \$1. NAV is the quoted price in an active market and, therefore, classified within Level 1 of the fair value hierarchy.

*Mutual funds* – required to publish their daily NAV and to transact at that price. The mutual funds are deemed to be actively traded.

*Corporate bonds* – corporate bonds are valued based on the last trade price of the fiscal year. When a bond has not been traded on the last day of the fiscal year, the price is obtained from an independent third party pricing company.

*Alternative investments* – consisting of hedge funds valued daily at NAV on active markets as of the reporting date.

*Common stocks* – valued at the closing price reported on the active on which the individual securities are traded.

*Donor advised account* – the donor advised account with Community Foundation for Palm Beach and Martin Counties (Community Foundation) is valued at the NAV of the account at the end of the year.

The following table summarizes the Organization’s determination of fair value as of September 30, 2021 and 2020 on the following financial assets using these input levels that are measured at fair value on a recurring basis:

|   | Fair Value Measurements as of September 30, 2021 |             |                   |                      |
|---|--|-------------|-------------------|----------------------|
|   | Level 1  | Level 2     | Level 3           | Total                |
| Investments:  |  |             |                   |                      |
| Money market funds  | \$ 364,955                                       | \$ -        | \$ -              | \$ 364,955           |
| Mutual funds  | 7,222,314  | -           | -                 | 7,222,314            |
| Corporate bonds   | 2,300,963  | -           | -                 | 2,300,963            |
| Alternative investments                                       | 676,042  | -           | -                 | 676,042              |
| Common stocks   | <u>2,751,135</u>                                 | <u>-</u>    | <u>-</u>          | <u>2,751,135</u>     |
| Total investments   | 13,315,409                                       | -           | -                 | 13,315,409           |
| Beneficial interest in assets held<br>by Community Foundation | <u>-</u>   | <u>-</u>    | <u>195,706</u>    | <u>195,706</u>       |
| Total   | <u>\$ 13,315,409</u>                             | <u>\$ -</u> | <u>\$ 195,706</u> | <u>\$ 13,511,115</u> |

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 5 – Fair Value Measurements, Continued**

|   | Fair Value Measurements as of September 30, 2020 |             |                   |                      |
|---|--|-------------|-------------------|----------------------|
|   | Level 1  | Level 2     | Level 3           | Total                |
| Investments:  |  |             |                   |                      |
| Money market funds  | \$ 349,937                                       | \$ -        | \$ -              | \$ 349,937           |
| Mutual funds  | 5,007,923  | -           | -                 | 5,007,923            |
| Corporate bonds   | 2,618,780  | -           | -                 | 2,618,780            |
| Alternative investments                                       | 666,501  | -           | -                 | 666,501              |
| Common stocks   | <u>2,414,453</u>                                 | <u>-</u>    | <u>-</u>          | <u>2,414,453</u>     |
| Total investments   | 11,057,594                                       | -           | -                 | 11,057,594           |
| Beneficial interest in assets held<br>by Community Foundation | <u>-</u>   | <u>-</u>    | <u>154,471</u>    | <u>154,471</u>       |
| Total   | <u>\$ 11,057,594</u>                             | <u>\$ -</u> | <u>\$ 154,471</u> | <u>\$ 11,212,065</u> |

The following is a schedule of Level 3 investment activity which is comprised of funds with the Community Foundation, for the year ended September 30, 2021 measured on a recurring basis using significant unobservable inputs:

|                                  | Donor Advised<br>Account |
|----------------------------------|--------------------------|
| Balance as of October 1, 2020    | \$ 154,471               |
| Net unrealized gain              | 42,922                   |
| Fees                             | <u>(1,687)</u>           |
| Balance as of September 30, 2021 | <u>\$ 195,706</u>        |

**Note 6 – Unconditional Promises to Give**

Unconditional promises to give as of September 30, 2021 and 2020 are detailed as follows:

|   | 2021              | 2020              |
|---|-------------------|-------------------|
| Capital campaign pledges  | \$ <u>695,000</u> | \$ <u>981,250</u> |
| Unconditional promises to give before unamortized discount and allowances for uncollectible pledges | 695,000           | 981,250           |
| Less: unamortized discount  | <u>(16,251)</u>   | <u>(33,822)</u>   |
| Subtotal  | 678,749           | 947,428           |
| Less: allowance for uncollectible pledges   | <u>(111,200)</u>  | <u>(157,000)</u>  |
| Net unconditional promises to give  | <u>\$ 567,549</u> | <u>\$ 790,428</u> |
| Current portion of unconditional promises to give   | \$ 323,800        | \$ 207,250        |
| Non-current portion of unconditional promises to give   | <u>243,749</u>    | <u>583,178</u>    |
|   | <u>\$ 567,549</u> | <u>\$ 790,428</u> |
| Amounts due in:   |                   |                   |
| Less than one year  | \$ 435,000        | \$ 364,250        |
| One to five years   | 260,000           | 607,000           |
| After five years  | <u>-</u>          | <u>10,000</u>     |
| Total   | <u>\$ 695,000</u> | <u>\$ 981,250</u> |

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 6 – Unconditional Promises to Give, Continued**

The Organization applies discount rates ranging from 3.5% to 5% to its pledges with terms in excess of one year. At September 30, 2021 and 2020, respectively, approximately 62% and 51% of total unconditional promises to give were from four and two donors in each year, respectively.

**Note 7 – Property and Equipment**

Property and equipment, net consisted of the following at September 30, 2021 and 2020:

|                                     | 2021          | 2020          |
|-------------------------------------|---------------|---------------|
| Land                                | \$ 354,024    | \$ 354,024    |
| Land under lease, net               | 1,903,024     | 1,950,575     |
| Building and leasehold improvements | 22,033,815    | 21,964,653    |
| Vehicles                            | 1,111,166     | 1,228,372     |
| Equipment and furniture             | 1,639,208     | 1,403,754     |
| Subtotal                            | 27,041,237    | 26,901,378    |
| Less: accumulated depreciation      | (6,948,727)   | (6,253,758)   |
| Property and equipment, net         | \$ 20,092,510 | \$ 20,647,620 |

Depreciation expense totaled \$853,385 and \$720,446 for the years ended September 30, 2021 and 2020, respectively.

Prior to 2015, the Organization entered into a long-term lease with the Village of Wellington to facilitate the relocation of its Wellington, Florida club. The net value of the land under lease represents the unamortized difference between the fair market rental value of the land and the stated amount of lease payments using a 5% discount rate. The land under lease asset was recognized as a donor restricted contribution. The asset is being amortized over the initial 30-year lease term and recorded in the consolidated statements of activities as in-kind rent expense. Such amortization amounted to \$47,551 and \$45,237 for the years ended September 30, 2021 and 2020, respectively.

**Note 8 – Line of Credit**

The Organization has an agreement for a revolving line of credit (the line of credit) with a financial institution, which was amended and restated during 2020. The line of credit provides for borrowings up to \$750,000. Interest on any outstanding borrowings is variable at a rate equal to the daily LIBOR rate plus 250 basis points (2.50%) payable monthly. Outstanding borrowings and any accrued but unpaid interest are due and payable on the expiration date (October 25, 2022) of the line of credit. As of September 30, 2021, there were no outstanding borrowings under the line of credit.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 9 – Long-term Debt**

Long-term debt at September 30, 2021 and 2020 is as follows:

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| Note payable – Wellington Club, repayment of construction advances to the Village of Wellington. Payable in annual installments of \$116,030 through 2024. The note is not charged interest by the Village of Wellington and as a result, the Organization applies an imputed interest rate of 5%. | \$ 237,200          | \$ 378,650          |
| Vehicle and equipment notes payable - various financing companies and financial institutions; monthly payments of principal and interest with interest rates ranging from 1.30% to 4.75%; maturing through 2024; collateralized by certain vehicles and equipment.                                 | 195,743             | 186,631             |
| Payroll Protection Program Loan - See (I).   | 24,185              | 1,537,700           |
| NMTC loan payable – loan payable to Florida Community Loan Fund as part of the New Market Tax Credit financing - See (II).   | <u>8,022,000</u>    | <u>8,022,000</u>    |
| Subtotal   | 8,479,128           | 10,124,981          |
| Less: discount on note payable – Wellington Club   | (11,730)            | (28,027)            |
| Less: current portion of long-term debt  | (193,426)           | (217,435)           |
| Less: unamortized loan costs   | <u>(500,622)</u>    | <u>(516,473)</u>    |
| Long-term debt, net  | <u>\$ 7,773,350</u> | <u>\$ 9,363,046</u> |

(I) Paycheck Protection Program Loan

During April 2020, the Organization applied for and received a loan from an unrelated third party lender pursuant to the Paycheck Protection Program (the PPP) administered by the U.S. Small Business Administration (SBA), under the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), enacted March 27, 2020, in the principal amount of \$1,537,700. As of September 30, 2021 and 2020, all amounts due under the PPP Loan are classified as long-term debt in the consolidated statements of financial position at September 30, 2021 and 2020.

The PPP Loan, which was in the form of a promissory note (the Note) issued by the Organization, maturing two years from the date of funding (April 20, 2022) and bearing interest at a rate of 1.00% per annum, payable monthly, commencing approximately six months from issuance. Proceeds were used for designated expenses, including certain payroll costs, group health care benefits and other permitted payroll related expenses.

On October 6, 2021, the Organization received a letter from the SBA which stated the PPP Loan was partially forgiven in the principal amount of \$1,489,330, along with accrued but unpaid interest. The Organization classified the forgiven portion of the PPP loan as conditionally forgiven in the consolidated statement of activities for the year ended September 30, 2021. The Organization has submitted its forgiveness application to the third-party lender and SBA to have the remaining \$24,185 and any related accrued interest forgiven subsequent to September 30, 2021. On January 25, 2022, the Organization was notified by the third party lender that the SBA accepted and approved the forgiveness application in the principal amount of \$24,185 and any related accrued interest is forgiven.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 9 – Long-term Debt, Continued**

(II) NMTC loan

The Organization has a loan payable to the Florida Community Loan Fund (FCLF) as part of the New Market Tax Credit (NMTC) financing. The NMTC loan is a 27 year loan executed in April 2019. Interest is charged at a fixed annual rate of 1.31% and paid annually effective December 2019. The NMTC loan is interest only through December 2027. Principal payments are scheduled to begin in December 2027. The NMTC loan is collateralized by substantially all of the assets of the Foundation, the restricted cash held in escrow, and the construction assets acquired by the NMTC loan proceeds. Interest accrued on the NMTC loan at September 30, 2021 and 2020 totaled \$86,364 and \$87,581, respectively.

Loan costs paid with the NMTC loan totaled \$538,929 and accumulated amortization at September 30, 2021 and 2020 was \$38,307 and \$22,456, respectively.

Principal maturities

Principal due on long-term debt (excluding PPP loan principal) in each of the five years subsequent to September 30, 2021, and thereafter, follows:

| Year Ending September 30, | Amount       |
|---------------------------|--------------|
| 2022                      | \$ 193,426   |
| 2023                      | 145,907      |
| 2024                      | 37,716       |
| 2025                      | 27,972       |
| 2026                      | 27,922       |
| Thereafter                | 8,022,000    |
| Total, excluding PPP loan | \$ 8,454,943 |

**Note 10 – Description of Leasing Arrangements**

The Organization has operating lease agreements for the rental of office space, recreational facilities, and land, expiring through May 2043. All operating lease agreements for recreational facilities and land requires annual rent of \$1 each. The office lease requires contingent rental payments of the Organization's proportionate share of the landlord's common area operating costs. The recreational facilities leases require the Organization to pay all costs of maintaining and repairing the leased premises and may generally be extended for an additional five to ten years. Total in-kind rent expense for the years ended September 30, 2021 and 2020 totaled \$1,078,588 and \$1,014,812, respectively.

**Note 11 – 401(k) Safe Harbor Plan**

The Organization maintains a Safe Harbor 401(k) profit sharing plan covering certain qualified employees in accordance with the provisions of Section 401(k) of the IRC. Under the plan, employees may elect to defer a portion of their salary, subject to IRS limits.

The Organization may make a safe harbor non-elective contribution in an amount equal to 3% of the eligible employee's compensation, which is allocated, to all eligible employees. The Organization may also make profit sharing contributions at its discretion which is allocated as defined by the plan, among all eligible employees. The Organization's contributions totaled \$127,550 and \$114,349 for the years ended September 30, 2021 and 2020, respectively.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 12 – Net Assets with Donor Restrictions**

At September 30, 2021 and 2020, net assets with donor restrictions are available for the following purposes or periods:

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| Purpose and time restrictions:                             |                      |                      |
| Club:  |                      |                      |
| United Way allocation for next year                        | \$ 150,000           | \$ 150,000           |
| Warsaw Scholarship Fund                                    | 224,348              | 196,217              |
| West Palm Beach land grant                                 | 286,024              | 286,024              |
| Land under lease   | 1,903,024            | 1,950,575            |
| Belle Glade Club grant                                     | 113,292              | 175,871              |
| Foundation:  |                      |                      |
| Capital campaigns  | 695,000              | 1,134,750            |
| Club buildings   | 2,068,123            | 2,576,461            |
| Leverage Lender:   |                      |                      |
| Belle Glade Teen Center                                    | <u>5,587,450</u>     | <u>5,800,259</u>     |
|  | <u>11,027,261</u>    | <u>12,270,157</u>    |
| Endowment funds with perpetual restrictions:               |                      |                      |
| Foundation:  |                      |                      |
| DeGeorge Club  | 2,506,600            | 2,506,606            |
| Beneficial interest in assets held by Community Foundation | 125,000              | 125,000              |
| Belle Glade Endowment                                      | 6,000,000            | 4,765,741            |
| Wellington Endowment                                       | 200,000              | 200,000              |
| Delray Beach Club  | <u>85,450</u>        | <u>38,550</u>        |
|  | <u>8,917,050</u>     | <u>7,635,897</u>     |
| Total net assets with donor restrictions                   | <u>\$ 19,944,311</u> | <u>\$ 19,906,054</u> |

Net assets are released from donor restrictions by the Organization incurring costs or expenses satisfying the restricted purposes or by the occurrence of events and passage of time as specified by the donors.

Net assets were released from donor restrictions during the years ended September 30, 2021 and 2020 for the following purposes:

|   | 2021                | 2020              |
|---|---------------------|-------------------|
| Purpose of restriction:                             |                     |                   |
| Club:   |                     |                   |
| Time restrictions expired on United Way allocations | \$ 200,000          | \$ 197,450        |
| Scholarships and enterprise club                    | 654                 | 2,053             |
| Land under lease                                    | 47,551              | 45,237            |
| Belle Glade grant                                   | 62,579              | 81,429            |
| Foundation:   |                     |                   |
| Capital campaign                                    | 269,250             | 358,000           |
| Club buildings                                      | <u>479,263</u>      | <u>113,615</u>    |
|   | <u>\$ 1,059,297</u> | <u>\$ 797,784</u> |

# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

### Note 13 – Endowment

The Organization's endowment is established for the purposes expressed in the Organization's charter and consists of donor-restricted endowment funds and funds designated by the Board of Directors (the Board) to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted and Board designated endowments may fall below the level that the donor or Board requires the Organization to retain as a fund of perpetual duration. There were no such funds with deficiencies as of September 30, 2021 and 2020.

#### Interpretation of relevant law

The Organization adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). FUPMIFA requires the Board to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

The Board considers the following factors in making its determination:

- 1) The purpose of the Organization,
- 2) The intent of the donor of the endowment funds,
- 3) The term of the applicable instrument,
- 4) General economic conditions,
- 5) The possible effect of inflation or deflation,
- 6) The long-term and short-term needs of the Organization in carrying out its exempt purpose, and
- 7) Perpetuation of the endowment.

#### Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to specified programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the assets are invested in a manner that is intended to produce results that exceed the price and yield results of multiple benchmarks based on the type of investment, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return that will meet its spending rate plus the inflation rate. Actual returns in any given year may vary from this amount.

#### Strategies employed to achieve objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified allocation of the investments to achieve its long-term return objectives within prudent risk constraints.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 13 – Endowment, Continued**

Spending policy

The Organization’s spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. Over the long-term, the spending policy is designed to return a net positive gain in the market value (growth) after spendable transfers. The Organization expects the current spending policy to allow its endowment to grow at an average annual rate consistent with the Organization’s objective to preserve and strengthen its endowment for the future.

Beneficial interest in assets held by Community Foundation

The Organization has an agreement with the Community Foundation of Palm Beach and Martin Counties (the Community Foundation) whereby an agency endowment fund was established totaling \$100,000. Under the terms of the agreement, the Organization may make irrevocable transfers to the Community Foundation to be maintained in perpetuity. Annual distributions of income and capital appreciation from the fund are subject to the Community Foundation’s spending policy and are to be used to fulfill the purposes of the Organization.

Changes in endowment net assets for the year ended September 30, 2021 are presented as follows:

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---------------------------------------|------------------------------------|---------------------|
| Endowment net assets, October 1, 2020    | \$ <u>-</u>                           | \$ <u>7,635,897</u>                | \$ <u>7,635,897</u> |
| Net investment return                    | -                                     | 1,455,437                          | 1,455,437           |
| Transfers                                | -                                     | (836,934)                          | (836,934)           |
| Contributions                            | <u>-</u>                              | <u>662,650</u>                     | <u>662,650</u>      |
| Endowment net assets, September 30, 2021 | \$ <u>-</u>                           | \$ <u>8,917,050</u>                | \$ <u>8,917,050</u> |

**Note 14 – New Market Tax Credit**

The Organization entered into a NMTC financing transaction to partially fund the construction of the Belle Glade Teen Center. The NMTC program is designed to spur new or increased investment into operating businesses and real estate projects located in low-income communities by offering investors a federal tax credit in exchange for the investments. To earn the tax credit, the NMTC Investor must remain invested for a seven-year period, which will end in 2026 for the Organization’s project.

As part of the financing arrangement, the Foundation issued a \$5,719,080 note receivable to the Investment Fund (Note 4). The Investment Fund in turn made an investment in FCNMF 28, LLC (FCNMF) and holds a 99.99% investment interest in FCNMF. FCNMF made a \$8,022,000 loan to the Organization’s project (Note 9).

As part of this financing arrangement, the Organization entered into a put and call agreement (Agreement) to take place at the end of the seven-year tax credit period. Under the Agreement, the NMTC Investor can exercise a put option to sell all interest in the Investment Fund to the Organization for \$1,000. If the NMTC Investor does not exercise that put option then the Agreement allows the Organization to exercise a call option to purchase the interest in the Investment Fund at an appraised fair market value.

Leverage Lender received an initial contribution from the Foundation in the amount of \$5,719,080 and in turn, Leverage Lender made a loan (Note 4) to the Investment Fund. The transactions between the Foundation and Leverage Lender eliminate in consolidation.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 15 – Commitments and Contingencies**

Grantor agencies

In the normal course of activities, the Club receives grants and other forms of reimbursement from various government agencies. Those 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.

Legal matters

From time to time, the Organization is a party to certain legal and regulatory proceedings with respect to a variety of matters. The Organization evaluates the likelihood of an unfavorable outcome of all legal regulatory proceedings to which it is a party and accrues a loss contingency when the loss is probable and reasonably estimable. These judgments are subjective based on the status of the legal or regulatory proceedings, the merits of its defenses and consultation with external legal counsel. Legal costs are expensed as incurred and recorded in general and administration expenses.

Management believes that the final resolution of these matters will not have a material adverse effect on the Organization's financial position, cash flows, or results of operations.

**Note 16 – Concentrations of Credit Risk**

For the years ended September 30, 2021 and 2020, approximately 27% and 23%, respectively, of the Organization's total support and revenue is provided through grants with the State of Florida. For the years ended September 30, 2021 and 2020, approximately 17% and 19%, respectively, of the Organization's support and revenue is provided through grant programs with Family Central, a pass-through agency for the Children's Services Council of Palm Beach County.

The Organization maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. Cash and cash equivalents exceeded the FDIC insured limit by \$7,343,148 and \$5,054,175 as of September 30, 2021 and 2020, respectively. The Organization has not experienced any losses in such accounts.

**Note 17 – Related Party Transactions**

The Organization is an affiliate 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 September 30, 2021 and 2020, there were no grants receivable from the Boys & Girls Clubs of America. For the years ended September 30, 2021 and 2020, grant revenues from the Boys & Girls Clubs of America amounted to \$98,238 and \$88,817, respectively.

**Note 18 – Significant Uncertainty – Impact of COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (COVID-19 outbreak) a global pandemic. On March 13, 2020, the President of the United States declared a national emergency concerning the COVID-19 outbreak. As a result of worldwide reporting of COVID-19 infections, certain national, state, and local governmental authorities issued stay-at-home orders, proclamations and/or directives aimed at minimizing the spread of COVID-19. Additionally, more restrictive proclamations and/or directives may be issued in the future which could disrupt certain Organization internal operations, communications, activities, and administrative operations.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 18 – Significant Uncertainty – Impact of COVID-19, Continued**

The Club's operations are heavily dependent on private and public donations from individuals, foundations, and corporations. During 2020, several special events were scheduled to take place and were cancelled due to the COVID-19 pandemic. Additionally, access grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriateness. As of the date of this report, investment values were not materially impacted. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. The Organization has taken steps to reduce costs where possible and protect its workforce and members.

The ultimate impact of the COVID-19 outbreak on the Organization's operations is unknown and will depend on future developments, are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak. New information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Organization, may direct, which may result in an extended period of operational disruption. Any resulting financial impact cannot be reasonably estimated at this time but could be anticipated to have an impact on the Organization's business operations, financial position, and results of operations for fiscal year 2022.

**Note 19 – Subsequent Events**

Management evaluated activity of the Organization subsequent to September 30, 2021 through January 30, 2022, the date the consolidated financial statements were available to be issued, for events that require recognition in the consolidated financial statements or disclosure in the notes thereto.

## **SUPPLEMENTARY INFORMATION**

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended September 30, 2021**

| Federal grantor/program title                         | Grant<br>Period | Federal<br>CFDA<br>Number | Passthrough<br>Grantor's<br>Identifying<br>Number | Total<br>Program<br>Expenditures |
|---|-----------------|---------------------------|---|----------------------------------|
| U.S. Department of Justice:                           |                 |                           |   |                                  |
| Passed through:                                       |                 |                           |   |                                  |
| Boys and Girls Clubs of America, Inc.                 |                 |                           |   |                                  |
| Mentoring Programs Implementation                     | 1/1/20-12/31/20 | 16.726                    | OJP 2018  | \$ 27,751                        |
| Mentoring Programs Implementation                     | 1/1/21-12/31/21 | 16.726                    | OJP 2019  | <u>70,487</u>                    |
| Total Mentoring Programs Implementation               |                 |                           |   | <u>98,238</u>                    |
| U.S. Department of Housing and Urban Development:     |                 |                           |   |                                  |
| Passed through:                                       |                 |                           |   |                                  |
| City of Boca Raton                                    |                 |                           |   |                                  |
| Community Development Block Grant                     | 10/1/20-9/30/21 | 14.218                    | FY2020-21   | <u>15,125</u>                    |
| Total Community Development Block Grant               |                 |                           |   | <u>15,125</u>                    |
| U.S. Department of Education:                         |                 |                           |   |                                  |
| Passed through:                                       |                 |                           |   |                                  |
| Florida Department of Education                       |                 |                           |   |                                  |
| Twenty-first Century Community Learning Centers       | 8/1/20-7/31/21  | 84.287                    | PPC1  | 237,511                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC3  | 71,021                           |
|   | 8/1/20-7/31/21  | 84.287                    | PPC5  | 105,147                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC9  | 406,606                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC10   | 166,906                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC12   | 382,044                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC13   | 470,013                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC14   | 536,394                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC15   | 583,335                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC16   | 208,998                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC17   | 433,100                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC18   | 236,479                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC20   | 236,934                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC22   | 593,510                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC23   | 578,369                          |
|   | 8/1/20-7/31/21  | 84.287                    | PPC24   | <u>221,970</u>                   |
| Total Twenty-first Century Community Learning Centers |                 |                           |   | <u>5,468,336</u>                 |
| Total expenditures of federal awards                  |                 |                           |   | <u>\$ 5,581,699</u>              |

None of the expenditures presented in this schedule were provided to subrecipients, were for loan or loan guarantee programs or non-cash assistance.

See notes to schedule of expenditures of federal awards.

# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### **Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Boys & Girls Clubs of Palm Beach County, Inc. (the Organization) under programs of the federal government for the year ended September 30, 2021. The information in the 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 the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

### **Note 2 – 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. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### **Note 3 – Indirect Cost Rate**

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The reimbursement of indirect costs reflected in the accompanying consolidated financial statements as federal grant revenue is subject to final approval by federal grantor agencies and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to the Organization's financial position or changes in net assets.

### **Note 4 – Contingency**

The grant revenue amounts received or receivable are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement by the grantor agency would become a liability to the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements, and applicable federal laws and regulations.

## **CONSOLIDATING INFORMATION**

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**September 30, 2021**

|   | Boys and Girls Clubs of Palm Beach County, Inc. |                            |                      | Boys & Girls Clubs of Palm Beach<br>County Foundation, Inc. |                            |                      |
|---|---|----------------------------|----------------------|---|----------------------------|----------------------|
|   | Without Donor<br>Restrictions                   | With Donor<br>Restrictions | Total                | Without Donor<br>Restrictions                               | With Donor<br>Restrictions | Total                |
|   |   |                            |                      |   |                            |                      |
| <b>ASSETS</b>   |   |                            |                      |   |                            |                      |
| Current assets:   |   |                            |                      |   |                            |                      |
| Cash, cash equivalents, and restricted cash                   | \$ 2,197,643                                    | \$ -                       | \$ 2,197,643         | \$ 5,549,056  | \$ 278,070                 | \$ 5,827,126         |
| Investments   | -   | -                          | -                    | 3,228,170   | 10,087,239                 | 13,315,409           |
| Grant and accounts receivable, net                            | 1,799,983                                       | 150,000                    | 1,949,983            | -   | -                          | -                    |
| Current portion of unconditional<br>promises to give, net     | -   | -                          | -                    | -   | 323,800                    | 323,800              |
| Due from the Foundation                                       | 237,200   | -                          | 237,200              | -   | -                          | -                    |
| Prepaid expenses  | 527,206   | -                          | 527,206              | -   | -                          | -                    |
| <b>Total current assets</b>                                   | <b>4,762,032</b>                                | <b>150,000</b>             | <b>4,912,032</b>     | <b>8,777,226</b>  | <b>10,689,109</b>          | <b>19,466,335</b>    |
| Property and equipment, net                                   | 17,213,507                                      | 2,879,003                  | 20,092,510           | -   | -                          | -                    |
| Unconditional promises to give,<br>net of current portion     | -   | -                          | -                    | -   | 243,749                    | 243,749              |
| Note receivable - New Market Tax Credit                       | -   | -                          | -                    | -   | -                          | -                    |
| Beneficial interest in assets held<br>by Community Foundation | -   | -                          | -                    | 70,706  | 125,000                    | 195,706              |
| Other assets  | 112,197   | -                          | 112,197              | -   | -                          | -                    |
| <b>Total assets</b>   | <b>\$ 22,087,736</b>                            | <b>\$ 3,029,003</b>        | <b>\$ 25,116,739</b> | <b>\$ 8,847,932</b>   | <b>\$ 11,057,858</b>       | <b>\$ 19,905,790</b> |
| <b>LIABILITIES AND NET ASSETS</b>                             |   |                            |                      |   |                            |                      |
| Current liabilities:  |   |                            |                      |   |                            |                      |
| Accounts payable and<br>accrued expenses                      | \$ 1,083,327                                    | \$ -                       | \$ 1,083,327         | \$ -  | \$ -                       | \$ -                 |
| Due to the Clubs  | -   | -                          | -                    | 237,200   | -                          | 237,200              |
| Current portion of long-term debt                             | 193,426   | -                          | 193,426              | -   | -                          | -                    |
| Deferred revenue  | 1,769,076                                       | -                          | 1,769,076            | -   | -                          | -                    |
| <b>Total current liabilities</b>                              | <b>3,045,829</b>                                | <b>-</b>                   | <b>3,045,829</b>     | <b>237,200</b>  | <b>-</b>                   | <b>237,200</b>       |
| Long-term debt, net   | 7,773,350                                       | -                          | 7,773,350            | -   | -                          | -                    |
| <b>Total liabilities</b>                                      | <b>10,819,179</b>                               | <b>-</b>                   | <b>10,819,179</b>    | <b>237,200</b>  | <b>-</b>                   | <b>237,200</b>       |
| Net assets:   |   |                            |                      |   |                            |                      |
| Without donor restrictions                                    | 11,268,557                                      | -                          | 11,268,557           | 8,610,500   | -                          | 8,610,500            |
| With donor restrictions                                       | -   | 3,029,003                  | 3,029,003            | -   | 11,058,090                 | 11,058,090           |
| <b>Total net assets</b>                                       | <b>11,268,557</b>                               | <b>3,029,003</b>           | <b>14,297,560</b>    | <b>8,610,500</b>  | <b>11,058,090</b>          | <b>19,668,590</b>    |
| <b>Total liabilities and net assets</b>                       | <b>\$ 22,087,736</b>                            | <b>\$ 3,029,003</b>        | <b>\$ 25,116,739</b> | <b>\$ 8,847,700</b>   | <b>\$ 11,058,090</b>       | <b>\$ 19,905,790</b> |

Boys & Girls Clubs of Palm Beach  
County Leverage Lender, Inc.

| Boys & Girls Clubs of Palm Beach<br>County Leverage Lender, Inc. |                            |                     | Consolidated        |                               |                            |                      |
|--|----------------------------|---------------------|---------------------|-------------------------------|----------------------------|----------------------|
| Without Donor<br>Restrictions                                    | With Donor<br>Restrictions | Total               | Eliminating         | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
| \$ -   | \$ 95,477                  | \$ 95,477           | \$ -                | \$ 7,746,699                  | \$ 373,547                 | \$ 8,120,246         |
| -  | -                          | -                   | -                   | 3,228,170                     | 10,087,239                 | 13,315,409           |
| -  | -                          | -                   | -                   | 1,799,983                     | 150,000                    | 1,949,983            |
| -  | -                          | -                   | -                   | -                             | 323,800                    | 323,800              |
| -  | -                          | -                   | (237,200)           | -                             | -                          | -                    |
| -  | -                          | -                   | -                   | 527,206                       | -                          | 527,206              |
| -  | 95,477                     | 95,477              | (237,200)           | 13,302,058                    | 10,934,586                 | 24,236,644           |
| -  | -                          | -                   | -                   | 17,213,507                    | 2,879,003                  | 20,092,510           |
| -  | -                          | -                   | -                   | -                             | 243,749                    | 243,749              |
| -  | 5,719,080                  | 5,719,080           | -                   | -                             | 5,719,080                  | 5,719,080            |
| -  | -                          | -                   | -                   | 70,706                        | 125,000                    | 195,706              |
| -  | 42,893                     | 42,893              | -                   | 112,197                       | 42,893                     | 155,090              |
| <u>\$ -</u>  | <u>\$ 5,857,450</u>        | <u>\$ 5,857,450</u> | <u>\$ (237,200)</u> | <u>\$ 30,698,468</u>          | <u>\$ 19,944,311</u>       | <u>\$ 50,642,779</u> |
| \$ -   | \$ -                       | \$ -                | \$ -                | \$ 1,083,327                  | \$ -                       | \$ 1,083,327         |
| -  | -                          | -                   | (237,200)           | -                             | -                          | -                    |
| -  | -                          | -                   | -                   | 193,426                       | -                          | 193,426              |
| -  | -                          | -                   | -                   | 1,769,076                     | -                          | 1,769,076            |
| -  | -                          | -                   | (237,200)           | 3,045,829                     | -                          | 3,045,829            |
| -  | -                          | -                   | -                   | 7,773,350                     | -                          | 7,773,350            |
| -  | -                          | -                   | (237,200)           | 10,819,179                    | -                          | 10,819,179           |
| -  | -                          | -                   | -                   | 19,879,057                    | -                          | 19,879,057           |
| -  | 5,857,450                  | 5,857,450           | -                   | -                             | 19,944,543                 | 19,944,543           |
| -  | 5,857,450                  | 5,857,450           | -                   | 19,879,057                    | 19,944,543                 | 39,823,600           |
| <u>\$ -</u>  | <u>\$ 5,857,450</u>        | <u>\$ 5,857,450</u> | <u>\$ (237,200)</u> | <u>\$ 30,698,236</u>          | <u>\$ 19,944,543</u>       | <u>\$ 50,642,779</u> |

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**September 30, 2020**

|   | Boys and Girls Clubs of Palm Beach County, Inc. |                     |                      | Boys & Girls Clubs of Palm Beach<br>County Foundation, Inc. |                      |                      |
|---|---|---------------------|----------------------|---|----------------------|----------------------|
|   | Without Donor                                   | With Donor          | Total                | Without Donor   | With Donor           | Total                |
|   | Restrictions                                    | Restrictions        |                      | Restrictions  | Restrictions         |                      |
| <b>ASSETS</b>   |   |                     |                      |   |                      |                      |
| Current assets:   |   |                     |                      |   |                      |                      |
| Cash, cash equivalents and restricted cash                    | \$ 1,213,224                                    | \$ -                | \$ 1,213,224         | \$ 4,399,308  | \$ 193,893           | \$ 4,593,201         |
| Investments   | 219,216   | 192,146             | 411,362              | 676,224   | 9,970,008            | 10,646,232           |
| Grant and accounts receivable, net                            | 2,230,857                                       | 147,450             | 2,378,307            | -   | -                    | -                    |
| Current portion of unconditional<br>promises to give, net     | -   | -                   | -                    | -   | 207,250              | 207,250              |
| Due from the Foundation                                       | 355,800   | -                   | 355,800              | -   | -                    | -                    |
| Prepaid expenses  | <u>562,323</u>                                  | <u>-</u>            | <u>562,323</u>       | <u>-</u>  | <u>-</u>             | <u>-</u>             |
| Total current assets  | 4,581,420                                       | 339,596             | 4,921,016            | 5,075,532   | 10,371,151           | 15,446,683           |
| Property and equipment, net                                   | 17,948,308                                      | 2,699,312           | 20,647,620           | -   | -                    | -                    |
| Unconditional promises to give<br>net of current portion      | -   | -                   | -                    | -   | 583,178              | 583,178              |
| Note receivable - New Market Tax Credit                       | -   | -                   | -                    | -   | -                    | -                    |
| Beneficial interest in assets held<br>by Community Foundation | -   | -                   | -                    | 41,913  | 112,558              | 154,471              |
| Other assets  | <u>105,296</u>                                  | <u>-</u>            | <u>105,296</u>       | <u>-</u>  | <u>-</u>             | <u>-</u>             |
| Total assets  | <u>\$ 22,635,024</u>                            | <u>\$ 3,038,908</u> | <u>\$ 25,673,932</u> | <u>\$ 5,117,445</u>   | <u>\$ 11,066,887</u> | <u>\$ 16,184,332</u> |
| <b>LIABILITIES AND NET ASSETS</b>                             |   |                     |                      |   |                      |                      |
| Current liabilities:  |   |                     |                      |   |                      |                      |
| Accounts payable and<br>accrued expenses                      | \$ 915,664                                      | \$ -                | \$ 915,664           | \$ -  | \$ -                 | \$ -                 |
| Due to the Clubs  | -   | -                   | -                    | 355,800   | -                    | 355,800              |
| Current portion of long-term debt                             | 217,435   | -                   | 217,435              | -   | -                    | -                    |
| Deferred revenue  | <u>1,756,966</u>                                | <u>-</u>            | <u>1,756,966</u>     | <u>-</u>  | <u>-</u>             | <u>-</u>             |
| Total current liabilities                                     | 2,890,065                                       | -                   | 2,890,065            | 355,800   | -                    | 355,800              |
| Long-term debt, net   | <u>9,363,046</u>                                | <u>-</u>            | <u>9,363,046</u>     | <u>-</u>  | <u>-</u>             | <u>-</u>             |
| Total liabilities   | <u>12,253,111</u>                               | <u>-</u>            | <u>12,253,111</u>    | <u>355,800</u>  | <u>-</u>             | <u>355,800</u>       |
| Net assets:   |   |                     |                      |   |                      |                      |
| Without donor restrictions                                    | 10,381,913                                      | -                   | 10,381,913           | 4,761,645   | -                    | 4,761,645            |
| With donor restrictions                                       | <u>-</u>  | <u>3,038,908</u>    | <u>3,038,908</u>     | <u>-</u>  | <u>11,066,887</u>    | <u>11,066,887</u>    |
| Total net assets  | <u>10,381,913</u>                               | <u>3,038,908</u>    | <u>13,420,821</u>    | <u>4,761,645</u>  | <u>11,066,887</u>    | <u>15,828,532</u>    |
| Total liabilities and net assets                              | <u>\$ 22,635,024</u>                            | <u>\$ 3,038,908</u> | <u>\$ 25,673,932</u> | <u>\$ 5,117,445</u>   | <u>\$ 11,066,887</u> | <u>\$ 16,184,332</u> |

Boys & Girls Clubs of Palm Beach  
County Leverage Lender, Inc.

| Boys & Girls Clubs of Palm Beach<br>County Leverage Lender, Inc. |                            |                     | Consolidated        |                               |                          |                      |
|--|----------------------------|---------------------|---------------------|-------------------------------|--------------------------|----------------------|
| Without Donor<br>Restrictions                                    | With Donor<br>Restrictions | Total               | Eliminating         | Without Donor<br>Unrestricted | With Donor<br>Restricted | Total                |
| \$ -   | \$ 38,286                  | \$ 38,286           | \$ -                | \$ 5,612,532                  | \$ 232,179               | \$ 5,844,711         |
| -  | -                          | -                   | -                   | 895,440                       | 10,162,154               | 11,057,594           |
| -  | -                          | -                   | -                   | 2,230,857                     | 147,450                  | 2,378,307            |
| -  | -                          | -                   | -                   | -                             | 207,250                  | 207,250              |
| -  | -                          | -                   | (355,800)           | -                             | -                        | -                    |
| -  | -                          | -                   | -                   | <u>562,323</u>                | -                        | <u>562,323</u>       |
| -  | 38,286                     | 38,286              | (355,800)           | 9,301,152                     | 10,749,033               | 20,050,185           |
| -  | -                          | -                   | -                   | 17,948,308                    | 2,699,312                | 20,647,620           |
| -  | -                          | -                   | -                   | -                             | 583,178                  | 583,178              |
| -  | 5,719,080                  | 5,719,080           | -                   | -                             | 5,719,080                | 5,719,080            |
| -  | -                          | -                   | -                   | 41,913                        | 112,558                  | 154,471              |
| -  | <u>42,893</u>              | <u>42,893</u>       | -                   | <u>105,296</u>                | <u>42,893</u>            | <u>148,189</u>       |
| <u>\$ -</u>  | <u>\$ 5,800,259</u>        | <u>\$ 5,800,259</u> | <u>\$ (355,800)</u> | <u>\$ 27,396,669</u>          | <u>\$ 19,906,054</u>     | <u>\$ 47,302,723</u> |

|             |                     |                     |                     |                      |                      |                      |
|-------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| \$ -        | \$ -                | \$ -                | \$ -                | \$ 915,664           | \$ -                 | \$ 915,664           |
| -           | -                   | -                   | (355,800)           | -                    | -                    | -                    |
| -           | -                   | -                   | -                   | 217,435              | -                    | 217,435              |
| -           | -                   | -                   | -                   | <u>1,756,966</u>     | -                    | <u>1,756,966</u>     |
| -           | -                   | -                   | (355,800)           | 2,890,065            | -                    | 2,890,065            |
| -           | -                   | -                   | -                   | <u>9,363,046</u>     | -                    | <u>9,363,046</u>     |
| -           | -                   | -                   | (355,800)           | <u>12,253,111</u>    | -                    | <u>12,253,111</u>    |
| -           | -                   | -                   | -                   | 15,143,558           | -                    | 15,143,558           |
| -           | <u>5,800,259</u>    | <u>5,800,259</u>    | -                   | -                    | <u>19,906,054</u>    | <u>19,906,054</u>    |
| -           | <u>5,800,259</u>    | <u>5,800,259</u>    | -                   | <u>15,143,558</u>    | <u>19,906,054</u>    | <u>35,049,612</u>    |
| <u>\$ -</u> | <u>\$ 5,800,259</u> | <u>\$ 5,800,259</u> | <u>\$ (355,800)</u> | <u>\$ 27,396,669</u> | <u>\$ 19,906,054</u> | <u>\$ 47,302,723</u> |

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2021**

|   | Boys & Girls Clubs of Palm Beach County, Inc. |              |               | Boys & Girls Clubs of Palm Beach<br>County Foundation, Inc. |               |               |
|---|---|--------------|---------------|---|---------------|---------------|
|   | Without Donor                                 | With Donor   | Total         | Without Donor   | With Donor    | Total         |
|   | Restrictions                                  | Restrictions |               | Restrictions  | Restrictions  |               |
| <b>Revenues and support:</b>  |   |              |               |   |               |               |
| Contributions and grants  | \$ 5,470,945                                  | \$ 719,624   | \$ 6,190,569  | \$ -  | 320,971       | \$ 320,971    |
| Federal, state and local government grants  | 7,073,161                                     | -            | 7,073,161     | -   | -             | -             |
| Special events, net of direct expenses  | 2,373,446                                     | -            | 2,373,446     | -   | -             | -             |
| Program revenue   | 278,068                                       | -            | 278,068       | -   | -             | -             |
| Snack bar and vending, net  | 12,984  | -            | 12,984        | -   | -             | -             |
| Donated facilities and goods  | 2,146,873                                     | -            | 2,146,873     | -   | -             | -             |
| Other   | 70,103  | -            | 70,103        | (1,157)   | -             | (1,157)       |
| Conditional loan forgiveness (Note 9)   | 1,489,330                                     | -            | 1,489,330     | -   | -             | -             |
| Total revenues and support before net assets<br>released from donor restrictions        | 18,914,910                                    | 719,624      | 19,634,534    | (1,157)   | 320,971       | 319,814       |
| Net assets released from restrictions   | 310,784                                       | (310,784)    | -             | 748,513   | (748,513)     | -             |
| Total revenue and support   | 19,225,694                                    | 408,840      | 19,634,534    | 747,356   | (427,542)     | 319,814       |
| <b>Expenses:</b>  |   |              |               |   |               |               |
| Program services:   |   |              |               |   |               |               |
| Character and leadership development  | 1,993,420                                     | -            | 1,993,420     | -   | -             | -             |
| Education and career development  | 3,020,803                                     | -            | 3,020,803     | -   | -             | -             |
| Sports, fitness and recreation  | 3,833,502                                     | -            | 3,833,502     | -   | -             | -             |
| Technology  | 1,955,091                                     | -            | 1,955,091     | -   | -             | -             |
| Health and life skills  | 1,533,404                                     | -            | 1,533,404     | -   | -             | -             |
| Cultural arts   | 2,445,777                                     | -            | 2,445,777     | -   | -             | -             |
| Total program services  | 14,781,997                                    | -            | 14,781,997    | -   | -             | -             |
| Management and general  | 1,230,889                                     | -            | 1,230,889     | 20,472  | -             | 20,472        |
| Fund raising  | 946,579                                       | -            | 946,579       | -   | -             | -             |
| Total expenses  | 16,959,465                                    | -            | 16,959,465    | 20,472  | -             | 20,472        |
| Change in net assets before<br>non-operating activities                                 | 2,266,229                                     | 408,840      | 2,675,069     | 726,884   | (427,542)     | 299,342       |
| Transfer of assets  | (1,291,620)                                   | (418,745)    | (1,710,365)   | 1,291,620   | 418,745       | 1,710,365     |
| Net investment return (loss)  | 72,286  | -            | 72,286        | 1,789,116   | -             | 1,789,116     |
| Net unrealized gain on<br>beneficial interest in assets<br>held by Community Foundation | -   | -            | -             | 41,235  | -             | 41,235        |
| Interest expense  | (160,251)                                     | -            | (160,251)     | -   | -             | -             |
| Change in net assets  | 886,644                                       | (9,905)      | 876,739       | 3,848,855   | (8,797)       | 3,840,058     |
| Net assets - beginning of year  | 10,381,913                                    | 3,038,908    | 13,420,821    | 4,761,645   | 11,066,887    | 15,828,532    |
| Net assets - end of year  | \$ 11,268,557                                 | \$ 3,029,003 | \$ 14,297,560 | \$ 8,610,500  | \$ 11,058,090 | \$ 19,668,590 |

Boys & Girls Clubs of Palm Beach  
County Leverage Lender, Inc.

|                               |                            |              | Consolidated |                               |                            |               |
|-------------------------------|----------------------------|--------------|--------------|-------------------------------|----------------------------|---------------|
| Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        | Eliminating  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         |
| \$ -                          | \$ -                       | \$ -         | \$ -         | \$ 5,470,945                  | \$ 1,040,595               | \$ 6,511,540  |
| -                             | -                          | -            | -            | 7,073,161                     | -                          | 7,073,161     |
| -                             | -                          | -            | -            | 2,373,446                     | -                          | 2,373,446     |
| -                             | -                          | -            | -            | 278,068                       | -                          | 278,068       |
| -                             | -                          | -            | -            | 12,984                        | -                          | 12,984        |
| -                             | -                          | -            | -            | 2,146,873                     | -                          | 2,146,873     |
| -                             | 57,191                     | 57,191       | -            | 68,946                        | 57,191                     | 126,137       |
| -                             | -                          | -            | -            | 1,489,330                     | -                          | 1,489,330     |
| -                             | 57,191                     | 57,191       | -            | 18,913,753                    | 1,097,786                  | 20,011,539    |
| -                             | -                          | -            | -            | 1,059,297                     | (1,059,297)                | -             |
| -                             | 57,191                     | 57,191       | -            | 19,973,050                    | 38,489                     | 20,011,539    |
| -                             | -                          | -            | -            | 1,993,420                     | -                          | 1,993,420     |
| -                             | -                          | -            | -            | 3,020,803                     | -                          | 3,020,803     |
| -                             | -                          | -            | -            | 3,833,502                     | -                          | 3,833,502     |
| -                             | -                          | -            | -            | 1,955,091                     | -                          | 1,955,091     |
| -                             | -                          | -            | -            | 1,533,404                     | -                          | 1,533,404     |
| -                             | -                          | -            | -            | 2,445,777                     | -                          | 2,445,777     |
| -                             | -                          | -            | -            | 14,781,997                    | -                          | 14,781,997    |
| -                             | -                          | -            | -            | 1,251,361                     | -                          | 1,251,361     |
| -                             | -                          | -            | -            | 946,579                       | -                          | 946,579       |
| -                             | -                          | -            | -            | 16,979,937                    | -                          | 16,979,937    |
| -                             | 57,191                     | 57,191       | -            | 2,993,113                     | 38,489                     | 3,031,602     |
| -                             | -                          | -            | -            | -                             | -                          | -             |
| -                             | -                          | -            | -            | 1,861,402                     | -                          | 1,861,402     |
| -                             | -                          | -            | -            | 41,235                        | -                          | 41,235        |
| -                             | -                          | -            | -            | (160,251)                     | -                          | (160,251)     |
| -                             | 57,191                     | 57,191       | -            | 4,735,499                     | 38,489                     | 4,773,988     |
| -                             | 5,800,259                  | 5,800,259    | -            | 15,143,558                    | 19,906,054                 | 35,049,612    |
| \$ -                          | \$ 5,857,450               | \$ 5,857,450 | \$ -         | \$ 19,879,057                 | \$ 19,944,543              | \$ 39,823,600 |

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

|  | Boys & Girls Clubs of Palm Beach County, Inc. |                     |                      | Boys & Girls Clubs of Palm Beach<br>County Foundation, Inc. |                      |                      |
|--|---|---------------------|----------------------|---|----------------------|----------------------|
|  | Without Donor                                 | With Donor          | Total                | Without Donor   | With Donor           | Total                |
|  | Restrictions                                  | Restrictions        |                      | Restrictions  | Restrictions         |                      |
| Revenues and support:  |   |                     |                      |   |                      |                      |
| Contributions and grants   | \$ 5,228,109                                  | \$ 677,172          | \$ 5,905,281         | \$ -  | \$ 2,286,786         | \$ 2,286,786         |
| Federal, state and local government grants   | 6,406,271                                     | -                   | 6,406,271            | -   | -                    | -                    |
| Special events, net of direct expenses   | 2,570,508                                     | -                   | 2,570,508            | -   | -                    | -                    |
| Program revenue  | 158,521                                       | -                   | 158,521              | -   | -                    | -                    |
| Snack bar and vending, net   | (1,436)                                       | -                   | (1,436)              | -   | -                    | -                    |
| Donated facilities and goods   | 3,489,815                                     | -                   | 3,489,815            | -   | -                    | -                    |
| Other  | 46,690  | -                   | 46,690               | 2,500   | -                    | 2,500                |
| Total revenues and support   | 17,898,478                                    | 677,172             | 18,575,650           | 2,500   | 2,286,786            | 2,289,286            |
| Net assets released from restrictions  | 326,169                                       | (326,169)           | -                    | 471,615   | (471,615)            | -                    |
|  | <u>18,224,647</u>                             | <u>351,003</u>      | <u>18,575,650</u>    | <u>474,115</u>  | <u>1,815,171</u>     | <u>2,289,286</u>     |
| Expenses:  |   |                     |                      |   |                      |                      |
| Program services:  |   |                     |                      |   |                      |                      |
| Character and leadership development   | 2,045,222                                     | -                   | 2,045,222            | -   | -                    | -                    |
| Education and career development   | 3,099,300                                     | -                   | 3,099,300            | -   | -                    | -                    |
| Sports, fitness and recreation   | 3,933,120                                     | -                   | 3,933,120            | -   | -                    | -                    |
| Technology   | 2,005,892                                     | -                   | 2,005,892            | -   | -                    | -                    |
| Health and life skills   | 1,573,249                                     | -                   | 1,573,249            | -   | -                    | -                    |
| Cultural arts  | 2,509,332                                     | -                   | 2,509,332            | -   | -                    | -                    |
| Total program services   | 15,166,115                                    | -                   | 15,166,115           | -   | -                    | -                    |
| Management and general   | 1,224,197                                     | -                   | 1,224,197            | 39,066  | -                    | 39,066               |
| Fund raising   | 970,938                                       | -                   | 970,938              | -   | -                    | -                    |
| Total expenses   | <u>17,361,250</u>                             | <u>-</u>            | <u>17,361,250</u>    | <u>39,066</u>   | <u>-</u>             | <u>39,066</u>        |
| Change in net assets before non-operating activities                                     | 863,397                                       | 351,003             | 1,214,400            | 435,049   | 1,815,171            | 2,250,220            |
| Transfer of assets   | (2,661,395)                                   | (418,745)           | (3,080,140)          | 1,666,387   | 1,413,753            | 3,080,140            |
| Net investment return (loss)   | (14,128)                                      | -                   | (14,128)             | 1,104,540   | -                    | 1,104,540            |
| Net unrealized gain (loss) on beneficial interest in assets held by Community Foundation | -   | -                   | -                    | 12,241  | -                    | 12,241               |
| Interest expense   | (112,628)                                     | -                   | (112,628)            | -   | -                    | -                    |
| Change in net assets   | (1,924,754)                                   | (67,742)            | (1,992,496)          | 3,218,217   | 3,228,924            | 6,447,141            |
| Net assets - beginning of year   | 12,306,667                                    | 3,106,650           | 15,413,317           | 1,543,428   | 7,837,963            | 9,381,391            |
| Net assets - end of year   | <u>\$ 10,381,913</u>                          | <u>\$ 3,038,908</u> | <u>\$ 13,420,821</u> | <u>\$ 4,761,645</u>   | <u>\$ 11,066,887</u> | <u>\$ 15,828,532</u> |

| Boys & Girls Clubs of Palm Beach<br>County Leverage Lender, Inc. |                            |              | Consolidated |                               |                            |               |
|--|----------------------------|--------------|--------------|-------------------------------|----------------------------|---------------|
| Without Donor<br>Restrictions                                    | With Donor<br>Restrictions | Total        | Eliminating  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         |
| \$ -   | \$ -                       | \$ -         | \$ -         | \$ 5,228,109                  | \$ 2,963,958               | \$ 8,192,067  |
| -  | -                          | -            | -            | 6,406,271                     | -                          | 6,406,271     |
| -  | -                          | -            | -            | 2,570,508                     | -                          | 2,570,508     |
| -  | -                          | -            | -            | 158,521                       | -                          | 158,521       |
| -  | -                          | -            | -            | (1,436)                       | -                          | (1,436)       |
| -  | -                          | -            | -            | 3,489,815                     | -                          | 3,489,815     |
| -  | 57,179                     | 57,179       | -            | 49,190                        | 57,179                     | 106,369       |
| -  | 57,179                     | 57,179       | -            | 17,900,978                    | 3,021,137                  | 20,922,115    |
| -  | -                          | -            | -            | 797,784                       | (797,784)                  | -             |
| -  | 57,179                     | 57,179       | -            | 18,698,762                    | 2,223,353                  | 20,922,115    |
| -  | -                          | -            | -            | 2,045,222                     | -                          | 2,045,222     |
| -  | -                          | -            | -            | 3,099,300                     | -                          | 3,099,300     |
| -  | -                          | -            | -            | 3,933,120                     | -                          | 3,933,120     |
| -  | -                          | -            | -            | 2,005,892                     | -                          | 2,005,892     |
| -  | -                          | -            | -            | 1,573,249                     | -                          | 1,573,249     |
| -  | -                          | -            | -            | 2,509,332                     | -                          | 2,509,332     |
| -  | -                          | -            | -            | 15,166,115                    | -                          | 15,166,115    |
| -  | -                          | -            | -            | 1,263,263                     | -                          | 1,263,263     |
| -  | -                          | -            | -            | 970,938                       | -                          | 970,938       |
| -  | -                          | -            | -            | 17,400,316                    | -                          | 17,400,316    |
| -  | 57,179                     | 57,179       | -            | 1,298,446                     | 2,223,353                  | 3,521,799     |
| -  | -                          | -            | -            | (995,008)                     | 995,008                    | -             |
| -  | -                          | -            | -            | 1,090,412                     | -                          | 1,090,412     |
| -  | -                          | -            | -            | 12,241                        | -                          | 12,241        |
| -  | -                          | -            | -            | (112,628)                     | -                          | (112,628)     |
| -  | 57,179                     | 57,179       | -            | 1,293,463                     | 3,218,361                  | 4,511,824     |
| -  | 5,743,080                  | 5,743,080    | -            | 13,850,095                    | 16,687,693                 | 30,537,788    |
| \$ -   | \$ 5,800,259               | \$ 5,800,259 | \$ -         | \$ 15,143,558                 | \$ 19,906,054              | \$ 35,049,612 |



## **Independent Auditors' 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**

Boards of Directors  
Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates  
West Palm Beach, Florida

We have audited, 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, the consolidated financial statements of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates (a nonprofit Organization) (the Organization), which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 30, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 determination of financial statement amounts. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Templeton & Company, LLP*

West Palm Beach, Florida  
January 30, 2022



## **Independent Auditors' Report on Compliance with Requirements for Each Major Federal Program; and Report on Internal Control Over Compliance Required by the Uniform Guidance**

Boards of Directors  
Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates  
West Palm Beach, Florida

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

We have audited Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

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

In our opinion, the Organization 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 September 30, 2021.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



West Palm Beach, Florida  
January 30, 2022

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2021**

**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?                    | No            |
| Significant deficiencies identified?                 | None reported |
| Noncompliance material to financial statements noted | No            |

*Federal Awards*

Internal control over major federal programs:

|                                      |               |
|--------------------------------------|---------------|
| Material weakness(es) identified?    | No            |
| Significant deficiencies identified? | None reported |

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

Any audit findings disclosed that are required to be reported with section 2 CFR 200.516(a)? No

Identification of major federal programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u>       |
|--------------------|---|
| 84.287             | Twenty-first Century Community Learning Centers |

Dollar threshold used to determine Type A Program \$750,000

Auditee qualified as low-risk auditee Yes

**Section II – Financial Statement Findings**

No matters were identified.

**Section III –Findings and Questioned Costs for Federal Awards**

None reported.

**Section IV – Prior Year Findings and Questioned Costs for Federal Awards**

None reported.