



Boys and Girls Clubs of Broward County, Inc.

Financial Statements Years Ended June 30, 2019 and 2018

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Boys and Girls Clubs of Broward County, Inc.

Financial Statements
Years Ended June 30, 2019 and 2018

Boys and Girls Clubs of Broward County, Inc.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Boys and Girls Clubs of Broward County, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Clubs of Broward County, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Florida Auditor General* and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018, on our consideration of Boys and Girls Clubs of Broward County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Boys and Girls Clubs of Broward County, Inc.'s internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys and Girls Clubs of Broward County, Inc.'s internal control over financial reporting and compliance.

Miami, Florida
November 27, 2019

BDO USA, LLP

Certified Public Accountants

Financial Statements

Boys and Girls Clubs of Broward County, Inc.

Statements of Financial Position

<i>June 30,</i>	2019	2018
Assets:		
Current Assets:		
Cash and cash equivalents without donor restrictions	\$ 10,682,239	\$ 8,674,307
Cash and cash equivalents with donor restrictions	1,358,937	798,504
Accounts receivable, net of allowance for doubtful accounts of \$19,493 and \$963, respectively	450,334	340,984
Promises receivable, current portion, net (Note 2)	327,100	341,300
Notes receivable, current portion (Note 7)	29,778	29,778
Grants and contracts receivable (Note 14)	928,479	874,237
Contributions receivable on donated facilities, net of discount of \$100,238 and \$100,239 respectively (Note 9)	322,019	322,019
Prepaid expenses and other current assets	407,368	276,493
Total current assets	14,506,254	11,657,622
Cash surrender value of life insurance	387,295	361,353
Notes receivable, non-current portion (Note 7)	268,002	297,780
Investments (Notes 3, 5 and 6)	16,176,310	16,552,545
Beneficial interest in perpetual trusts (Note 4)	4,366,181	4,427,637
Promises receivable, non current portion net of discount of \$4,285 and \$34,826, respectively (Note 2)	29,470	295,774
Contributions receivable on donated facilities, non-current portion net of discount of \$1,784,818 and \$1,865,171 respectively (Note 9)	2,162,620	2,504,524
Property and equipment, net (Note 8)	14,574,127	14,404,092
Total assets	\$ 52,470,258	50,501,327
Liabilities:		
Current Liabilities:		
Accounts payable and accrued expenses (Notes 10 and 11)	\$ 1,685,998	\$ 1,485,850
Deferred revenue	409,535	98,434
Total current liabilities	2,095,533	1,584,283
Commitments and contingencies (Note 15)		
Net assets:		
Without donor restrictions	32,011,189	30,303,016
With donor restrictions (Note 12)	18,363,536	18,614,028
Total net assets	50,374,725	48,917,044
Total liabilities and net assets	\$ 52,470,258	50,501,327

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

Boys and Girls Clubs of Broward County, Inc.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenue and Investment Gains and (Losses):			
Public support (Note 1):			
Special events	\$ 3,337,156	\$ -	\$ 3,337,156
Contributions	5,114,571	10,000	5,124,571
Broward County grants and contracts	2,324,250	-	2,324,250
Other grants and contracts	4,978,275	1,026,856	6,005,131
Total public support	15,754,252	1,036,856	16,791,108
Revenue and investment gains and (losses):			
Royalties	319,529	-	319,529
Other income	144,182	-	144,182
In-kind contributions	472,285	-	472,285
Membership dues	197,426	-	197,426
Interest and dividends (Notes 6)	1,035,397	-	1,035,397
Realized and unrealized gains and (losses) on investments, net (Notes 4 and 6)	327,796	(61,457)	266,339
Total revenue and investment gains and (losses)	2,496,615	(61,457)	2,435,158
Net assets released from restrictions	1,225,890	(1,225,890)	-
Total public support, revenue and investment gains and (losses)	19,476,758	(250,491)	19,226,266
Expenses and Losses:			
Program service:			
Youth development	12,876,409	-	12,876,409
Supporting services:			
Management and general	882,338	-	882,338
Fundraising, sales and related expenses	894,359	-	894,359
Special events	3,115,479	-	3,115,479
Total supporting services	4,892,176	-	4,892,176
Total expenses	17,768,585	-	17,768,585
Change in net assets	1,708,173	(250,491)	1,457,681
Net assets, beginning of year	30,303,016	18,614,028	48,917,044
Net assets, end of year	\$ 32,011,189	\$ 18,363,536	\$ 50,374,725

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

Boys and Girls Clubs of Broward County, Inc.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenue and Investment Gains and (Losses):			
Public support (Note 1):			
Special events	\$ 3,446,084	\$ -	\$ 3,446,084
Contributions	5,755,744	6,605	5,762,349
Broward County grants and contracts	2,614,198	-	2,614,198
Other grants and contracts	4,567,746	1,249,968	5,817,713
Total public support	16,383,772	1,256,573	17,640,344
Revenue and investment gains and (losses):			
Royalties	351,652	-	351,652
Other income	113,449	-	113,449
In-kind contributions	531,107	-	531,107
Membership dues	199,908	-	199,908
Interest and dividends (Notes 6)	721,973	-	721,973
Realized and unrealized gains and (losses) on investments, net (Notes 4 and 6)	661,372	146,410	807,782
Total revenue and investment gains and (losses)	2,579,462	146,410	2,725,872
Net assets released from restrictions	1,385,236	(1,385,236)	-
Total public support, revenue and investment gains and (losses)	20,348,469	17,747	20,366,216
Expenses and Losses:			
Program service:			
Youth development	12,756,714	-	12,756,714
Supporting services:			
Management and general	846,296	-	846,296
Fundraising, sales and related expenses	753,312	-	753,312
Special events	2,692,887	-	2,692,887
Total supporting services	4,292,495	-	4,292,495
Total expenses	17,049,210	-	17,049,210
Change in net assets	3,299,260	17,747	3,317,007
Net assets, beginning of year	27,003,756	18,596,281	45,600,037
Net assets, end of year	\$ 30,303,016	\$ 18,614,028	\$ 48,917,044

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

Boys and Girls Clubs of Broward County, Inc.

Statements of Cash Flows

<i>Years ended June 30,</i>	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 1,457,681	\$ 3,317,007
Adjustments to reconcile change in net assets to net cash provided by provided by operating activities:		
Depreciation	934,058	807,634
Increase in cash surrender value of life insurance	(25,941)	(22,714)
Rent expense on donated facilities	669,257	669,257
Contribution revenue from donated facilities	(247,000)	(247,000)
Change in value of beneficial interest in perpetual trusts	61,456	(146,410)
Net realized and unrealized gains on investments	(1,067,150)	(676,112)
Amortization of discount	(80,353)	(90,445)
Changes in operating assets and liabilities:		
Accounts receivable	(109,350)	30,207
Promises receivable	280,504	351,641
Grants and contracts receivable	(54,242)	(22,265)
Prepaid expenses and other current assets	(130,875)	18,960
Accounts payable and accrued expenses	200,148	41,342
Deferred revenue	311,101	58,683
Total adjustments	741,613	772,780
Net cash provided by operating activities	2,199,295	4,089,786
Cash flows from investing activities:		
Purchases of property and equipment	(1,104,093)	(1,106,268)
Purchases of investments	(4,476,391)	(5,630,665)
Sales of investments	5,359,343	5,797,449
Repayments received on notes receivable	29,778	29,778
Net cash (used in) provided by investing activities	(191,363)	(909,706)
Net increase in cash and cash equivalents	2,007,932	3,180,080
Cash and cash equivalents, beginning of year	8,674,307	5,494,227
Cash and cash equivalents, end of year	\$ 10,682,239	\$ 8,674,307
 Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ -	\$ -

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

Boys and Girls Clubs of Broward County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Supporting Services			Program Service	
	Management and General	Fundraising, Sales and Special Events	Total Supporting Services	Youth Development	Total
Salaries and Benefits:					
Salaries	\$ 327,947	\$ 581,363	\$ 909,310	\$ 5,187,896	\$ 6,097,206
Employee benefits	93,997	108,731	202,728	663,340	866,069
Payroll taxes	13,677	43,743	57,420	403,651	461,071
Total salaries and benefits	435,621	733,837	1,169,458	6,254,888	7,424,346
Other Expenses:					
Occupancy	3,901	414,722	418,624	697,312	1,115,935
Maintenance and repairs	42,770	26,367	69,136	576,395	645,531
Utilities	10,795	10,430	21,225	645,939	667,164
Insurance	14,163	14,163	28,325	730,512	758,837
Professional fees	169,988	28,975	198,963	29,787	228,750
Postage and shipping	5,147	12,410	17,557	475	18,032
Telephone and communications	10,741	13,631	24,372	46,013	70,384
Supplies and equipment	63,382	78,961	142,343	1,389,250	1,531,592
Printing and publications	4,239	96,049	100,288	24,376	124,664
Dues and subscriptions	19,691	-	19,691	43,822	63,513
Travel and transportation	11,140	171,487	182,627	337,724	520,351
Scholarships	-	-	-	30,792	30,792
Bank and credit card fees	-	55,918	55,918	-	55,918
Bad debt expense	-	74,091	74,091	-	74,091
Miscellaneous	22,292	19,400	41,692	915	42,607
Entertainment and decorations	-	1,170,765	1,170,765	8,831	1,179,596
Food and catering	6,121	761,580	767,701	1,175,395	1,943,096
Other event costs	-	32,502	32,502	-	32,502
Publicity and promotion	29,350	273,123	302,472	4,351	306,824
Total other expenses	413,718	3,254,574	3,668,292	5,741,888	9,410,181
Total expenses before depreciation	849,340	3,988,411	4,837,751	11,996,776	16,834,527
Depreciation	32,998	21,427	54,426	879,633	934,058
Total expenses	\$ 882,338	\$ 4,009,838	\$ 4,892,176	\$ 12,876,409	\$ 17,768,585

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

Boys and Girls Clubs of Broward County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2018

	Supporting Services			Program Service	
	Management and General	Fundraising, Sales and Special Events	Total Supporting Services	Youth Development	
Salaries and Benefits:					
Salaries	\$ 398,636	\$ 498,162	\$ 896,797	\$ 4,879,389	\$ 5,776,187
Employee benefits	82,221	75,435	157,656	559,268	716,924
Payroll taxes	23,137	38,270	61,407	374,813	436,219
Total salaries and benefits	503,994	611,866	1,115,860	5,813,470	6,929,331
Other Expenses:					
Occupancy	3,584	288,356	291,939	701,123	993,062
Maintenance and repairs	25,749	19,893	45,642	708,143	753,785
Utilities	10,547	10,547	21,094	646,905	667,998
Insurance	13,793	13,793	27,587	707,023	734,610
Professional fees	137,288	35,176	172,464	25,845	198,309
Postage and shipping	5,338	10,020	15,358	310	15,668
Telephone and communications	8,346	11,009	19,354	58,019	77,373
Supplies and equipment	36,318	49,772	86,090	1,344,906	1,430,997
Printing and publications	2,075	76,589	78,663	35,399	114,062
Dues and subscriptions	16,547	-	16,547	41,222	57,769
Travel and transportation	10,295	147,993	158,288	377,385	535,672
Scholarships	-	-	-	54,885	54,885
Bank and credit card fees	-	49,772	49,772	-	49,772
Bad debt expense	-	-	-	-	-
Miscellaneous	22,692	17,737	40,429	1,250	41,679
Entertainment and decorations	-	1,062,172	1,062,172	65,262	1,127,434
Food and catering	9,328	752,971	762,299	1,382,257	2,144,556
Other event costs	-	38,027	38,027	20,564	58,591
Publicity and promotion	12,343	232,335	244,678	11,345	256,023
Total other expenses	314,242	2,816,161	3,130,402	6,181,842	9,312,245
Total expenses before depreciation	818,236	3,428,027	4,246,263	11,995,313	16,241,575
Depreciation	28,061	18,172	46,233	761,402	807,634
Total expenses	\$ 846,296	\$ 3,446,199	\$ 4,292,495	\$ 12,756,714	\$ 17,049,210

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

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization and Purpose

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

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

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

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

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

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

Financial Statement Presentation

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

- Net Assets without Donor Restrictions - net assets that are not subject to donor-imposed restrictions. This class also includes assets previously restricted where restrictions have expired or been met.
- Net Assets with Donor Restrictions - net assets subject to donor-imposed restrictions that may or will be met. Net assets are released from donor restrictions when a stipulated time restriction ends, or a purpose restriction has been accomplished. Certain restrictions may need to be maintained in perpetuity.

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. A portion of supporting services such as management and general expenses has been allocated to all the programs based on management's allocation plan.

In-Kind Contributions

Donated use of facilities is recorded as contributions at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the facilities are being used. Contributions of services are recognized when the services received: (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Approximately 9,000 and 8,000 volunteer hours were provided to the Club during the years ended June 30, 2019 and 2018, respectively. These volunteer services do not meet the criteria for recognition as contributed services. Non-cash items and in-kind gifts are recorded at their fair value on the date they are received.

Public Support and Revenue

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

Cash and Cash Equivalents

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

Concentration of Credit Risk

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

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, grants and contracts receivable, prepaid expenses, other current assets, accounts payable and accrued liabilities are reported at cost, which approximates fair value due to the relative terms and short maturity of these instruments. The carrying amount of contributions receivable on donated facilities and notes receivable approximate fair value since they have been discounted to net present value using discounted cash flows. The fair value of the cash surrender value of life insurance is based on the Club's share of the respective

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

life insurance policy as represented by the insurance company. This value approximates fair market value.

Investments

Investments are reported at fair value as determined by valuations provided by an external investment manager or quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and realized and unrealized gains and losses restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and changes in fair value are recognized.

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

- **Equity Securities:** These include domestic equities traded on a national securities exchange that are valued at the last reported sales price on the last business day of the fiscal year.
- **Mutual Funds:** These investments are the closing net asset value (NAV) of shares held at fiscal year-end. If the mutual fund makes its net asset values publicly available daily to set the price for purchases and redemption the following day, the mutual fund is categorized within level 1. If the Club cannot redeem its investment at net asset value per share at fiscal year-end but the investment is redeemable with 90 days' notice or less, the mutual fund is categorized within level 2. As of June 30, 2019 and 2018, all mutual investment accounts were categorized as level 1.
- **Fixed income securities:** The investment grade corporate bonds held by the Club generally trade in active markets on the measurement date.
- **Exchange traded funds:** Securities that are traded on a stock exchange which experience price changes throughout the day as they are bought and sold, and which trades intra-day on a national securities exchange.

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

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

Beneficial Interest in Perpetual and Irrevocable Trusts

Perpetual trusts are held by third parties under arrangements where the Club has irrevocable rights to receive the income earned on the trust assets in perpetuity but never receives the assets held in trust. The trust assets are recorded at fair value as beneficial interest in the trust and contribution income under support with donor restrictions at the date the trust is established. Annual distributions are reported as investment income. Adjustments to trust assets are based on the fair

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

value of the underlying investments and are recorded as gains or losses with donor restrictions unless otherwise specified by the donor agreement.

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

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable principally consist of uncollateralized donor obligations related to the Club's special events and auctions. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances and based on an assessment of current credit worthiness, estimates the portion of the balance, if any that will not be collected. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believes its allowance for doubtful accounts as of June 30, 2019 and 2018 is adequate. However, actual write offs could exceed the recorded allowance.

At June 30, 2019, receivables from two donors accounted for approximately 68% and at June 30, 2018, receivables from one donor accounted for approximately 36%, of net accounts receivable. As of June 30, 2019 and 2018, there were no donor revenue concentrations over 10%.

Promises Receivable

Unconditional promises receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recognized at fair value, using present value techniques and discount rates. The discounts on the estimated future cash flow of the promises are computed using risk-free interest rates applicable to the years in which the promises are received. An allowance for uncollectible promises receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fund raising activity. Based on the information available, no allowance has been recorded as of June 30, 2019 as management believes the receivables are fully collectible.

At June 30, 2019 and June 30, 2018, net promises receivable from one donor accounted for approximately 70% and 78%, respectively.

Grants and Contracts Receivable

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

Grants and contracts receivable expected to be received within one year, are recorded at their net realizable value. Management reviews grants and contracts receivable on a regular basis to determine collectability and estimates the portion of the balance that will not be collected, if any. At June 30, 2019 and 2018, receivables from six grantors accounted for approximately 100% and 83% of total grants and contracts receivable, respectively. For the years ended June 30, 2019 and 2018, revenues from one grantor accounted for approximately 28% and 31% of total grants and contracts revenue, respectively.

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

Contributions Receivable on Donated Use of Facilities

Contributions receivable on donated facilities includes the value of the use of certain facilities donated in connection with long-term leases. The fair value of the future contributed use of these facilities is based on the fair value of the use of these facilities at the date of initial recognition. The receivable is discounted using a rate of 3%.

Property and Equipment, Net

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

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

Impairment of Long-Lived Assets

The Club reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended June 30, 2019 and 2018.

Publicity and Promotion

Publicity and promotion costs are primarily related to the advertising of special events held by the Club. These costs are expensed as incurred. For the years ended June 30, 2019 and 2018, publicity and promotion expense amounted to \$306,824 and \$256,023, respectively.

Income Taxes

The Club has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a not-for-profit organization. Accordingly, no provision for income taxes is required as of June 30, 2019 and 2018.

The Club has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") No. 740 Income Taxes. Under ASC 740, the Club must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. Management of the Club does not believe there are any material uncertain tax positions and accordingly has not recognized any liability for unrecognized tax benefits. The Club has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Club has filed Internal Revenue Service Form 990 tax returns as required and all other applicable returns in those jurisdictions where it is required. The Club believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2014. However, the Club is still open to examination by taxing authorities from fiscal year 2014 forward. For the years ended June 30, 2019 and 2018,

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

there was no interest or penalties recorded or included in the statements of activities and changes in net assets.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years then ended. Actual results could differ from those amounts.

Recently Issued Accounting Pronouncements Adopted

The Organization adopted Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities during the year ended June 30, 2019. The ASU amends the current reporting model for nonprofit organizations and enhances the required disclosures. The major changes in the ASU address the net asset classification, presentation of underwater endowments and related disclosures, use of the placed in service approach to recognize expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, presentation of an analysis of expenses by both function and nature, presentation of net investment return and additional disclosures to improve the usefulness of nonprofit financial statements. The ASU has been applied retrospectively to all periods presented which resulted in reclassification of certain prior year amounts to conform to the current year presentation. These reclassifications had no effect on the previously reported change in net assets or net assets as of June 30, 2018.

The Organization adopted Accounting Standards Update (ASU) 2019-10, Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842) during year ended June 30, 2019. This ASU defers the effective date for ASU 2016-02 Leases (Topic 842). The new effective date of the lease standard for the Organization is for the year beginning after December 15, 2020 (calendar years ending). This ASU has no effect on the Organization's financial statements for year ended June 30, 2019.

Subsequent Events

The date to which events occurring after June 30, 2019, the date of the most recent statement of financial position, has been evaluated for possible adjustment to the financial statements or disclosure is November 27, 2019.

On August 20, 2019, the Club entered into three grant agreements with a private donor for a total of \$3,120,166 over the next three fiscal years in support of various Club programs. The revenue from these three grants will be recorded each fiscal year as specific outcomes are achieved, reported and approved by the donor.

2. Promises Receivable

	2019	2018
Promises receivable, gross	\$ 360,855	\$ 671,900
Less:		
Unamortized discount	(4,285)	(34,826)
Promises receivable, net	\$ 356,570	\$ 637,074

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

	2019	2018
Amounts due in:		
Less than one year	\$ 327,100	\$ 341,300
One to five years	33,755	330,600
Promises receivable, gross	360,855	671,900
Less:		
Unamortized discount	(4,285)	(34,826)
Promises receivable, net	\$ 356,570	\$ 637,074

Amortization of discounts is recorded as contribution revenue. Estimated future cash flows to be received after one year were discounted at June 30, 2019 and 2018, at rate of 4%.

3. Investments

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

	2019	2018
Equity securities	\$ 7,330,547	7,024,802
Mutual funds	2,716,904	3,682,820
Fixed income securities	1,809,259	2,178,118
Exchange-traded funds	4,319,600	3,666,805
Total investments	\$ 16,176,310	\$ 16,552,545

4. Beneficial Interest in Perpetual Trusts

The fair market value of the Club's beneficial interest in irrevocable and revocable perpetual trusts amounted to \$4,366,181 and \$4,427,637 at June 30, 2019 and 2018, respectively.

During the year ended June 30, 2019, the change in market value of the Club's beneficial interest in perpetual trusts amounted to a net loss of \$61,456 and for the year ended June 30, 2018, the change in market value of the Club's beneficial interest in perpetual trusts amounted to a net gain of \$146,409, and is included in the accompanying statements of activities as a component of net realized and unrealized gains and losses on investments.

Additionally, the Club is the beneficiary of several charitable remainder trusts from which the Club expects to receive its interest upon the termination of each trust. As of June 30, 2019 and 2018, the Club has not recorded its interest in these trusts as the required information has not been made available.

5. Fair Value Measurements

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

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

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

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

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

The following table presents the Club's investments and beneficial interest in perpetual trusts measured at fair value on a recurring basis, segregated by level within the fair value hierarchy, as of June 30, 2019:

	Fair Value Measurements at Reporting Date Using:			Total
	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	
Equity securities:				
Domestic	\$ 6,622,881	-	-	\$ 6,622,881
International	707,666			707,666
Total equity securities	7,330,547	-	-	7,330,547
Mutual funds	2,716,904	-	-	2,716,904
Fixed income securities:				
Corporate bonds	1,809,259	-	-	1,809,259
Exchange-traded funds	4,319,600	-	-	4,319,600
Total investments	\$ 16,176,310	-	-	\$ 16,176,310
Beneficial interest in irrevocable perpetual trusts	\$ -	-	-	\$ 4,366,181
	\$ -	-	-	\$ 4,366,181

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Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

The following table presents the Club's investments and beneficial interest in perpetual trusts measured at fair value on a recurring basis, segregated by level within the fair value hierarchy, as of June 30, 2018:

	Fair Value Measurements at Reporting Date Using:				Total
	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3		
Equity securities:					
Domestic	\$ 6,091,532	\$ -	\$ -	\$ -	\$ 6,091,532
International	933,270	-	-	-	933,270
Total equity securities	7,024,802	-	-	-	7,024,802
Mutual funds	3,682,820	-	-	-	3,682,820
Fixed income securities:					
Corporate bonds	2,178,118	-	-	-	2,178,118
Exchange-traded funds	3,666,805	-	-	-	3,666,805
Total investments	\$ 16,552,545	\$ -	\$ -	\$ -	\$ 16,552,545
Beneficial interest in irrevocable perpetual trusts	\$ -	\$ -	\$ 4,427,637	\$ -	4,427,637

There were no transfers between the levels of the fair value hierarchy during the years ended June 30, 2019 and 2018.

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

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Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

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

	2019			
	Beginning balance	Payments received/ write-off's	Net unrealized loss	Ending balance
Beneficial interest in perpetual trusts	\$ 4,427,637	\$ -	\$ (61,456)	\$ 4,366,181

	2018			
	Beginning balance	Payments received/ write-off's	Net unrealized gain	Ending balance
Beneficial interest in perpetual trusts	\$ 4,281,228	\$ -	\$ 146,409	\$ 4,427,637

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

6. Endowment

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

Interpretation of Relevant Law

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

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Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

Earnings on donor restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Club in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Club considers the following factors in making a determination to appropriate or funds with donor restrictions:

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

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objective Relates to Spending Policy

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

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

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

	2019		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Board-restricted investments	\$ 4,900,742	\$ -	\$ 4,900,742
Net investment return	1,952,704	-	1,952,704
Donor-restricted investments	-	9,469,594	9,469,594
Beneficial interest in perpetual trusts	-	3,875,538	3,875,538
	\$ 6,853,446	\$ 13,345,132	\$ 20,198,578

	2018		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Board-restricted investments	\$ 4,900,742	\$ -	\$ 4,900,742
Net investment return	1,765,954	-	1,765,954
Donor-restricted investments	-	9,469,594	9,469,594
Beneficial interest in perpetual trusts	-	3,855,069	3,855,069
	\$ 6,666,696	\$ 13,324,663	\$ 19,991,359

From time to time, the fair value of assets associated with the donor-restricted endowment funds may fall below the amount required to be retained permanently. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets without donor restrictions and were \$0 as of both June 30, 2019 and 2018.

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

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Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

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

	2019		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 6,666,696	\$ 13,324,663	\$ 19,991,359
Investment income	615,663	-	615,663
Net appreciation of investments	264,204	-	264,204
Net appreciation of beneficial interest in perpetual trust and cash surrender value of life insurance	-	20,470	20,470
Amount appropriated for expenditure	(693,117)	-	(693,117)
Endowment net assets, end of year	\$ 6,853,446	\$ 13,345,133	\$ 20,198,579

	2018		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 6,157,369	\$ 13,206,427	\$ 19,363,796
Investment income	540,407	-	540,407
Net appreciation of investments	638,658	-	638,658
Net appreciation of beneficial interest in perpetual trust and cash surrender value of life insurance	-	118,236	118,236
Amount appropriated for expenditure	(669,738)	-	(669,738)
Endowment net assets, end of year	\$ 6,666,696	\$ 13,324,663	\$ 19,991,359

7. Notes Receivable

The Club is the holder of an unsecured note receivable and receives payments of principal and interest on an annual basis. The note bears interest at 5.91% per annum and is amortized over 30 years with a maturity date of November 15, 2028. The principal balance of the note as of June 30, 2019 and 2018 amounted to \$297,780 and \$327,558, respectively. Interest earned on the note receivable during the years ended June 30, 2019 and 2018, amounted to \$19,359 and \$21,119, respectively.

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

8. Property and Equipment, Net

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

	2019	2018
Land	\$ 2,853,232	\$ 2,853,232
Building and improvements	19,472,399	18,980,357
Equipment and software	2,117,627	1,975,018
Construction in progress	326,054	300,143
Transportation equipment	1,026,079	582,547
	25,795,391	24,691,297
Less: accumulated depreciation	(11,221,264)	(10,287,205)
	\$ 14,574,127	\$ 14,404,092

Depreciation expense for the years ended June 30, 2019 and 2018 amounted to \$934,058 and \$807,634, respectively.

9. Contributions Receivable on Donated Facilities

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

	2019			
	Expiration Date	Gross Receivable	Unamortized Discount at 3%	Net Receivable
Hollywood	2031	\$ 315,241	\$ (49,006)	\$ 266,235
North Lauderdale	2034	76,255	(663)	75,592
Pompano	2024	849,334	(57,695)	791,639
Town of Davie # 1	2039	591,603	(146,903)	444,700
Town of Davie # 2	2101	2,437,025	(1,530,552)	906,473
		\$ 4,269,458	\$ (1,784,819)	\$ 2,484,639

	2018			
	Expiration Date	Gross Receivable	Unamortized Discount, at 3%	Net Receivable
Hollywood	2031	\$ 342,685	\$ (57,317)	\$ 285,368
North Lauderdale	2034	228,766	5,344	223,422
Pompano	2024	1,031,333	(83,986)	947,347
Town of Davie # 1	2039	622,156	(160,737)	461,419
Town of Davie # 2	2101	2,466,774	(1,557,787)	908,987
		\$ 4,691,714	\$ (1,865,171)	\$ 2,826,543

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

	2019	2018
Contributions receivable are expected to be collected in:		
Less than one year	\$ 422,258	\$ 422,258
One year to five years	1,045,082	1,361,839
Over five years	2,802,117	2,907,617
Gross contributions receivable	4,269,457	4,691,714
Less:		
Discount to present value	(1,784,818)	(1,865,171)
Contributions receivable, net	\$ 2,484,639	\$ 2,826,543

10. Employee Benefit Plan

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

At June 30, 2019 and 2018, the Club had a contribution payable to the Plan in the amount of \$475,310 and \$319,997, respectively, which is included as a component of accounts payable and accrued expenses in the accompanying statements of financial position. The Club's contributions to the Plan for the years ended June 30, 2019 and 2018 totaled \$187,569 and \$160,328, respectively, net of forfeiture funds, and is included in employee benefits on the accompanying statements of functional expenses.

11. Compensated Absences

The Club's liability for compensated absences of their employees was \$184,242 and \$161,997, which is included in accounts payable and accrued expenses as of June 30, 2019 and 2018, respectively. This represents amounts owed to employees under the Club's paid leave policies.

12. Net Assets

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

	2019	2018
Program operations	\$ 1,407,682	\$ 1,215,126
Capital projects	44,422	84,103
Time restrictions	3,579,642	4,003,478
	\$ 5,031,746	\$ 5,302,707

At June 30, 2019 and 2018, net assets with donor restrictions amounted to \$13,345,132 and \$13,324,663, respectively, and were restricted for endowment.

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

13. Liquidity

At June 30, 2019, the Club has \$10.682 million in cash and cash equivalents and \$1.734 million in net accounts receivable available to meet needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Club in the next 12 months. In addition, the club has a line of credit with a financial institution in the amount of \$500,000, as described in Note 14, which it could draw upon in the event of an unanticipated liquidity need. The Club manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Club are expected to be met on a monthly basis from grants reimbursements and special events activities.

14. Line of Credit

The Club maintained a \$500,000 unsecured line of credit with a bank, bearing interest at the 1-month LIBOR rate plus 2%. The Club had no outstanding borrowings as of June 30, 2019 and 2018. The line of credit expires on December 31, 2019.

15. Related Party Transactions

Boys & Girls Clubs of America

The Club is a subsidiary of the Boys & Girls Clubs of America. The Club's programs are sanctioned by the Boys & Girls Clubs of America, although its operations and management are independent of the national organization. At June 30, 2019 and 2018, grants receivable from the Boys & Girls Clubs of America amounted to \$42,101 and \$11,508, respectively. For the years ended June 30, 2019 and 2018, grant revenues from the Boys & Girls Clubs of America amounted to \$265,344 and \$259,290, respectively.

Board of Directors

The Club, during its normal course of operations, receives public support from members of its Board of Directors. At June 30, 2019 and 2018, net accounts receivable from members of the Board of Directors amounted to \$129,595 and \$189,394, respectively net of discount. For the years ended June 30, 2019 and 2018, public support from members of the Board of Directors amounted to \$2,952,273 and \$2,514,526, respectively.

16. Commitments and Contingencies

Grant Commitment

On December 21, 2016, the Club entered into a \$3 million contribution agreement with a private donor related to the Club's Great Futures Campaign. Based on the terms of this agreement, the Club has recognized \$3 million in contributions revenue through the years ended June 30, 2019, June 30, 2018 and June 30, 2017 as it has met the necessary conditions to earn this revenue. Revenue earned on this grant is reported in contributions on the statement of activities.

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

On October 25, 2018, the Club entered into a \$1.5 million agreement with a private donor related to the Club's Great Futures Campaign. The funds from this agreement will be used towards the building of a teen center at the site of the current Rick & Rita Case Boys & Girls Club. Based on the terms of the agreement, the Club has recognized \$500,000 in contribution revenue with donor restriction for the year ended June 30, 2019. Subject to meeting specific milestones and conditions during the remaining 2-year term of the agreement, the Club will be awarded an additional \$1 million, recognized and payable at \$500,000 per year, for the fiscal years ending June 30, 2020 and June 30, 2021. No amounts toward the \$1 million have been recorded as of June 30, 2019.

Granting Agencies

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

Economic Conditions

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

Litigation

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

Operating Leases

The Club leases various office equipment under operating leases. These leases are for various terms starting June 2011 and expire at various dates through 2022.

The following is a schedule of future minimum rental payments under the operating lease agreements as of June 30, 2019:

2020	\$	4,760
2021		2,640
2022		1,320
<u>Total</u>	<u>\$</u>	<u>8,720</u>

Lease expenses under these leases were approximately \$8,357 and \$9,141 for the years ended June 30, 2019 and 2018, respectively.

Supplemental Schedules

Boys and Girls Clubs of Broward County, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Grantor Program Title	Pass-Through Entity Identifying Number	CFDA Number	Granted Period	Total Expenditures
<u>U.S. Department of Agriculture</u>				
Florida Department of Education:				
Summer Food Service Program for Children	04-0782	10.559	6/11/18 to 8/14/18	\$ 378,397
Summer Food Service Program for Children	04-0782	10.559	6/10/19 to 8/13/19	201,248
Florida Department of Health:				
Child and Adult Care Food Program	A-3159	10.558	10/1/17 to 9/30/18	206,682
Child and Adult Care Food Program	A-3159	10.558	10/1/18 to 9/30/19	1,239,064
Total U.S. Department of Agriculture Pass-Through Programs				2,025,391
<u>U.S. Department of Justice Direct Programs- Pass Through Programs From Florida Department of Health:</u>				
Boys & Girls Clubs National Youth Mentoring Programs (Mentoring Grant)	2017-JU-FX-0005	16.726	1/1/18 to 12/31/18	40,632
Boys & Girls Clubs National Youth Mentoring Programs (Mentoring Grant)	2018-JU-FX-0013	16.726	1/1/19 to 12/31/19	42,101
Total U.S. Department of Justice Direct Programs				82,734
<u>U.S. Department of Housing and Urban Development Direct Programs</u>				
City of Pompano Beach Community Development Block Grant		14.218	10/01/18 to 9/30/19	6,041
City of Hollywood Community Development Block Grant		14.218	10/01/17 to 9/30/19	8,436
Harmony Village Community Redevelopment Revitalization Plan		14.218	12/04/01 to 12/04/2021	29,750
Total U.S. Department of Housing and Urban Development Direct Programs				44,227
Total Expenditures of Federal Awards				\$ 2,152,351

The accompanying notes are an integral part of this schedule.

Boys and Girls Clubs of Broward County, Inc.
Notes of Expenditures of Federal Awards
Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Boys and Girls Clubs of Broward County, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Boys and Girls Clubs of Broward County, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Boys and Girls Clubs of Broward County, Inc.

Note 2. Summary of Significant Accounting Policies

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

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

Note 3. Indirect Cost Rate

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

Boys and Girls Clubs of Broward County, Inc.
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2019

State Grantor/Grantor Program Title	Contract / Grant Number	CSFA Number	Granted Period	Total Expenditures
<u>Florida Department of Juvenile Justice Pass-Through Program from:</u>				
The Florida Alliance of Boys & Girls Clubs:				
DJJ Gang Prevention Initiatives and SMART Family of Programs Grant	V2039	80.029	7/1/18 to 6/30/19	\$ 318,000
<u>Florida Department of Education Pass-Through Program from:</u>				
The Florida Alliance of Boys & Girls Clubs:				
Mentoring Student Assistance Initiatives	96449	48.068	7/1/18 to 6/30/19	245,771
Total State Awards				\$ 563,771

Basis of Presentation:

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes the state grant activity of Boys & Girls Clubs of Broward County, state programs for the year ended June 30, 2019 and is presented on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Florida Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boys and Girls Clubs of Broward County, Inc. (the "Club"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Club's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Club's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Club's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Miami, Florida
November 27, 2019

BDO USA, LLP

Certified Public Accountants

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



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

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

Report on Compliance for Each Major Federal Program

We have audited Boys & Girls Clubs of Broward County, Inc. (the "Club") 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 Club's major federal programs for the year ended June 30, 2019. The Club's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Club'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 Club'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 Club's compliance.

Opinion on Each Major Federal Program

In our opinion, the Club complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



Other Matters

The results of our test disclosed instances of noncompliance in connection with internal controls over compliance which are required to be reported in accordance with the Uniform Guidance described in the accompanying schedule of findings and questioned costs as item 2019-01. Our opinion on each federal program is not modified with respect to this matter.

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and question costs. The Organization's response was not subject to the auditing procedures applied in the audit and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Club 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 Club'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 Club'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

BDO USA, LLP

Miami, Florida
November 27, 2019

Certified Public Accountants

Boys and Girls Clubs of Broward County, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? ___ Yes No
- Significant deficiency (ies) identified? ___ Yes None reported

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

Unmodified

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

Yes No

Identification of major federal programs:

CFDA Number

10.558

Name of Federal Program

Child and Adult Care Food Program

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statements Findings

There are no audit findings 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*.

Section III - Federal Award Findings and Questioned Costs

There are no audit findings required to be reported by the 2 CFR 200.516(a)

Boys and Girls Clubs of Broward County, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Other Matters -

Finding	2019-001
Federal Agency	US Department of Agriculture
Pass Through Agency	Florida Department of Health
Federal Program Title	10.558 Afterschool Snack and Supper Program
Compliance Requirement	Activity Allowed and Unallowed
Criteria	For administering the food program, the Organization must follow procedures established in 2 CFR part 200, subpart E (Cost Principals), prescribing the cost accounting requirement associated with the administration of Federal awards and the documentation standard for identifying allowable cost to be charged to the program. The Organization must maintain and internal control system of check and balances to insure only allowable costs are charged to the program.
Condition	During the fiscal year audit of 2018 three errors were identified in the testing of payroll charged to the federal awards program, were differences were noted between the amount charged and the general ledger.
Context	The Organization under billed payroll costs in those three events in the total amount of \$407.
Cause	Failure to effectively implement internal controls over the management of allowable costs of the Program and the lack of timely reconciliation to a current payroll registry. However, Management performs a reasonableness review of payroll costs that would identify any material differences.
Effect/Questioned Costs	No material effect; underbilling of payroll costs by \$407.
Recommendation	Although they are immaterial, we recommend management to revisit their policies and procedures to better synchronize the pay rates used to substantiate contract awards and the most current pay register.

Management Response -

Boys & Girls Clubs of Broward County management has reviewed the policies and procedures surrounding the monthly grant billings and have added additional levels of review to ensure accuracy. These changes will be effective immediately.

Prior Year Findings:

None.



BOYS & GIRLS CLUBS
OF BROWARD COUNTY
www.bgcbc.org

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Fort Lauderdale Florida 33309

Phone: 954-537-1010
Fax: 954-537-1070

November 27, 2019

To Whom It May Concern:

Re: Management's Response to Other Matters

Boys & Girls Clubs of Broward County's management has reviewed the policies and procedures surrounding the monthly grant billings and have added an additional level of review to ensure accuracy. This new level of review will be the responsibility of the Accounting Manager who will compare the salary information to be reported on the Monthly Personnel Activity Report to the most current Payroll Register to ensure there has been no change in pay rates. As of the date of this report these changes have already been implemented.

A handwritten signature in blue ink that reads "Michele Clarke".

Michele Clarke, Controller
Boys & Girls Clubs of Broward County

Dream Makers Society

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

*In Memoriam