



Boys and Girls Clubs of Broward County, Inc.

Financial Statements
Years Ended June 30, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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, notes to the schedule of expenditure of federal award, and the statement of findings and questioned costs, 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* are presented for purposes of additional analysis and are 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 January 29, 2021, 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.

BDO USA, LLP

Miami, Florida
January 29, 2021

Certified Public Accountants

Financial Statements

Boys and Girls Clubs of Broward County, Inc.

Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 10,281,272	\$ 8,835,739
Accounts receivable, net of allowance for doubtful accounts of \$10,000 and \$19,493, respectively	94,304	450,334
Promises receivable, current portion, net (Note 2)	46,255	327,100
Notes receivable, current portion (Note 7)	59,556	29,778
Grants and contracts receivable	397,595	928,479
Contributions receivable on donated facilities, net of discount of \$100,238 and \$100,238 respectively (Note 9)	322,019	322,019
Prepaid expenses and other current assets	231,522	407,368
Total current assets	11,432,523	11,300,817
Cash surrender value of life insurance	414,967	387,295
Notes receivable, non-current portion (Note 7)	238,224	268,002
Investments (Notes 3, 5 and 6)	19,344,628	19,381,746
Beneficial interest in perpetual trusts (Note 4)	4,203,503	4,366,181
Promises receivable, noncurrent portion net of discount of \$0 and \$4,285, respectively (Note 2)	-	29,470
Contributions receivable on donated facilities, non-current portion net of discount of \$1,667,097 and \$1,684,580, respectively (Note 9)	2,587,260	2,162,620
Property and equipment, net (Note 8)	13,931,936	14,574,127
Total assets	\$ 52,153,041	\$ 52,470,258
Liabilities:		
Current Liabilities:		
Accounts payable and accrued expenses (Notes 10 and 11)	\$ 1,368,727	\$ 1,685,998
Deferred revenue	82,331	409,535
Paycheck Protection Program Loan (Note 17)	1,290,930	-
Total current liabilities	2,741,988	2,095,533
Commitments and contingencies (Note 16)		
Net assets:		
Without donor restrictions	30,576,843	32,011,189
With donor restrictions (Note 12)	18,834,210	18,363,536
Total net assets	49,411,053	50,374,725
Total liabilities and net assets	\$ 52,153,041	\$ 52,470,258

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenue and Investment			
Gains and (Losses)			
Public support:			
Special events	\$ 2,771,540	\$ -	\$ 2,771,540
Contributions	1,929,319	9,579	1,938,898
Broward County grants and contracts	2,242,854	-	2,242,854
Other grants and contracts	3,706,005	3,486,842	7,192,847
Total public support	10,649,718	3,496,421	14,146,139
Revenue and investment gains and (losses):			
Royalties	322,069	-	322,069
Other income	77,730	-	77,730
In-kind contributions	419,627	-	419,627
Membership dues	81,124	-	81,124
Interest and dividends (Notes 6)	985,981	-	985,981
Realized and unrealized gains and (losses) on investments, net (Notes 4 and 6)	(238,998)	(162,678)	(401,676)
Total revenue and investment gains and (losses)	12,297,251	3,333,743	15,630,994
Net assets released from restrictions	2,863,069	(2,863,069)	-
Total public support, revenue and investment gains and (losses)	15,160,320	470,674	15,630,994
Expenses			
Program service:			
Youth development	12,233,571	-	12,233,571
Supporting services:			
Management and general	976,019	-	976,019
Fundraising, sales and related expenses	863,706	-	863,706
Special events	2,521,370	-	2,521,370
Total supporting services	4,361,095	-	4,361,095
Total expenses	16,594,666	-	16,594,666
Change in net assets	(1,434,346)	470,674	(963,672)
Net assets, beginning of year	32,011,189	18,363,536	50,374,725
Net assets, end of year	\$ 30,576,843	\$ 18,834,210	\$ 49,411,053

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:			
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 (Note 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			
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.

Statements of Cash Flows

<i>Years ended June 30,</i>	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (963,672)	\$ 1,457,681
Adjustments to reconcile change in net assets to net cash provided by provided by operating activities:		
Depreciation	974,499	934,058
Increase in cash surrender value of life insurance	(27,672)	(25,942)
Bad debt expense	57,906	74,091
Rent expense on donated facilities	683,759	669,257
Contribution revenue from donated facilities	(1,090,916)	(247,000)
Change in value of beneficial interest in perpetual trusts	162,678	61,456
Net realized and unrealized (gains) losses on investments	109,038	(432,324)
Amortization of discount	(17,483)	(80,352)
Changes in operating assets and liabilities:		
Accounts receivable	336,824	(183,441)
Promises receivable	271,615	280,504
Grants and contracts receivable	530,884	(54,242)
Prepaid expenses and other current assets	175,846	(130,875)
Accounts payable and accrued expenses	(317,271)	200,148
Deferred revenue	(327,204)	311,101
Total adjustments	1,522,503	1,376,439
Net cash provided by operating activities	558,831	2,834,120
Cash flows from financing activities:		
Paycheck Protection Program Loan	1,290,930	-
Net cash provided by financing activities	1,290,930	-
Cash flows from investing activities:		
Purchases of property and equipment	(332,308)	(1,104,093)
Purchases of investments	(8,743,843)	(8,083,977)
Sales of investments	8,671,923	5,687,100
Repayments received on notes receivable	-	29,778
Net cash used in investing activities	(404,228)	(3,471,192)
Net increase in cash and cash equivalents	1,445,533	(637,072)
Cash and cash equivalents, beginning of year	8,835,739	9,472,811
Cash and cash equivalents, end of year	\$ 10,281,272	\$ 8,835,739

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

Boys and Girls Clubs of Broward County, Inc.
Statements of Functional Expenses
Year Ended June 30, 2020

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

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

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

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

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

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 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 are funds that are available without restrictions for carrying out the Club’s objectives.
- **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

Cash and Cash Equivalents

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

Concentration of Credit Risk

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

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, promises receivable due in less than one year, grants and contracts receivable, prepaid expenses and other current assets, and accounts payable and accrued expenses are reported at cost, which approximates fair value due to the relative terms and short maturity of these instruments. The carrying amount of promises receivable due in more than one year and contributions receivable on donated facilities approximate fair value since they have been discounted to net present value using discounted cash flows. The fair value of the cash surrender value of life insurance is based on the Club's share of the respective life insurance policy as represented by the insurance company and approximates fair value. PPP loan is stated at its carrying value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable principally consist of uncollateralized obligations related to the Club's special events and auctions. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances and based on an assessment of current credit worthiness, estimates the portion of the balance, if any that will not be collected. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believes its allowance for doubtful accounts as of June 30, 2020 and 2019 is adequate. However, actual write offs could exceed the recorded allowance.

At June 30, 2020, receivables from one donor accounted for approximately 16% and at June 30, 2019, receivables from two donors accounted for approximately 68%, of net accounts receivable. As of June 30, 2020, and 2019, 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. An allowance for uncollectible promises receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. Based on the information available, an allowance of \$38,700 has been recorded as of June 30, 2020. There was no allowance as of June 30, 2019.

At June 30, 2020 and 2019, net promises receivable from one donor accounted for approximately 75% and 70%.

Grants and Contracts Receivable

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

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

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

Conditional promises to give, this is those with a measurable performance barrier or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Club did not have any conditional contributions at June 30, 2020 or 2019, other than the disclosure noted in Note 16.

At June 30, 2020 receivables from four grantors accounted for approximately 94% of total grants and contracts receivable and at June 30, 2019, receivables from six grantors accounted for approximately 100% of total grants and contracts receivable.

For the years ended June 30, 2020 and 2019, revenues from one grantor accounted for approximately 14% and 12% of total revenue, respectively.

Donated Use of Facilities

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

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

Investments

Investments are reported at fair value (Note 5). Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and realized and unrealized gains and losses restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and changes in fair value are recognized.

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

- **Equity Securities:** These include domestic equities traded on a national securities exchange that are valued at the last reported sales price on the last business day of the fiscal year.
- **Mutual Funds:** These investments are the closing net asset value (NAV) of shares held at fiscal year-end. If the mutual fund makes its net asset values publicly available daily to set the price for purchases and redemption the following day, the mutual fund is categorized within level 1. If the Club cannot redeem its investment at net asset value per share at fiscal year-end but the investment is redeemable with 90 days' notice or less, the mutual fund is categorized within level 2. As of June 30, 2020, and 2019, all mutual funds investment accounts were categorized as level 1.
- **Fixed income securities:** The investment grade corporate bonds held by the Club generally trade in active markets on the measurement date.

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

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

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

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

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, 2020 and 2019.

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In-Kind Contributions

Non-cash items and in-kind gifts are recorded at their fair value on the date they are received. Contributions of services are recognized when the services received: (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Club did not record any contributed services for the years ended June 30, 2020 and 2019. Approximately 6,000 and 9,000 volunteer hours were provided to the Club during the years ended June 30, 2020 and 2019, respectively. These volunteer services do not meet the criteria for recognition as contributed services.

Public Support and Revenue

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

Royalties

The Club maintains agreements with certain media agencies whereby the agencies contribute a percentage of their earned revenue generated by their advertisement to the Club. The agencies do not restrict the use of these funds. The Club recognizes revenue annually as received.

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, 2020 and 2019, publicity and promotion expense amounted to \$286,416 and \$306,824, respectively.

Functional Allocation of Expenses

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

Income Taxes

The Club has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a not-for-profit organization and exempt from state income taxes under similar provisions in the Florida Statutes. Accordingly, no provision for income taxes is required as of June 30, 2020 and 2019.

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

Boys and Girls Clubs of Broward County, Inc.

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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 2017. However, the Club is still open to examination by taxing authorities from fiscal year 2017 forward. For the years ended June 30, 2020 and 2019, 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

In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The Club adopted the new standard on a modified prospective basis as of July 1, 2019. There were no changes to opening net assets as a result of the adoption.

The Club reviewed all funds received in the statements of activities to determine if the funds are exchange transactions or contributions under ASU 2018-08.

Certain grants and events are considered exchange transactions in which each party receives and provides commensurate value. Funds from exchange transactions are not considered contributions and, as such, are recorded as revenue when earned.

Accounting Pronouncements to be Adopted

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard can be adopted using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). In June 2020, FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* that allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2019. Management is currently

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evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which it will adopt the standard.

Contributions Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU will assist in the determination of the nature of transactions of grants made which will then govern the expense recognition methodology and timing of the transaction. This ASU is effective for all contributions made by the Club in periods beginning after December 15, 2019. The Club is currently evaluating the impact of this ASU on the Club's grant expenses in the financial statements.

Leases

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

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported change in net assets.

2. Promises Receivable

Promises receivable were dues as follows:

<i>June 30,</i>	2020	2019
Promises receivable, gross	\$ 84,955	\$ 360,855
Less:		
Unamortized discount	-	(4,285)
Allowance for doubtful accounts	(38,700)	-
Promises receivable, net	\$ 46,255	\$ 356,570
	2020	2019
Amounts due in: Less than one year	\$ 84,955	\$ 357,100
One to five years	-	33,755
Promises receivable, gross	84,955	360,855
Less:		
Unamortized discount	-	(4,285)
Allowance for doubtful accounts	(38,700)	-
Promises receivable, net	\$ 46,255	\$ 356,570

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

Boys and Girls Clubs of Broward County, Inc.

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3. Investments

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

	2020	2019
Equity securities	\$ 6,269,085	\$ 7,330,547
Mutual funds	3,140,118	2,716,904
Fixed income securities	6,085,776	5,014,695
Exchange-traded funds	3,849,649	4,319,600
Total investments	\$ 19,344,628	\$ 19,381,746

4. Beneficial Interest in Perpetual Trusts

The fair market value of the Club's beneficial interest in irrevocable perpetual trusts amounted to \$4,203,503 and \$4,366,181 at June 30, 2020 and 2019, respectively.

During the years ended June 30, 2020 and June 30, 2019, the change in market value of the Club's beneficial interest in perpetual trusts amounted to a net loss of \$162,677 and \$61,456, respectively 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, 2020 and 2019, 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:

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

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

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

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

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

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	5,014,695	-	-	5,014,695
Exchange-traded funds	4,319,600	-	-	4,319,600
Total investments	\$ 19,381,746	\$ -	\$ -	\$ 19,381,746
Beneficial interest in irrevocable perpetual trusts	\$ -	\$ -	\$ 4,366,181	\$ 4,366,181

There were no transfers between the levels of the fair value hierarchy during the years ended June 30, 2020 and 2019.

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

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

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

	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

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, the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

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

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- 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.

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

	2020		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Board-designated investments	\$ 4,900,742	\$ -	\$ 4,900,742
Net investment return	1,551,347	-	1,551,347
Donor-restricted investments	-	9,469,594	9,469,594
Beneficial interest in irrevocable perpetual trusts	-	3,749,848	3,749,848
	<u>\$ 6,452,089</u>	<u>\$ 13,219,442</u>	<u>\$ 19,671,531</u>

Boys and Girls Clubs of Broward County, Inc.

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	2019		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Board-designated investments	\$ 4,900,742	\$ -	\$ 4,900,742
Net investment return	1,952,704	-	1,952,704
Donor-restricted investments	-	9,469,595	9,469,595
Beneficial interest in irrevocable perpetual trusts	-	3,875,538	3,875,538
	\$ 6,853,446	\$ 13,345,133	\$ 20,198,579

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, 2020 and 2019.

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

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

	2020		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 6,853,446	\$ 13,345,133	\$ 20,198,579
Investment income	559,215	-	559,215
Net depreciation of investments	(258,527)		(258,527)
Net depreciation of beneficial interest in irrevocable perpetual trust		(125,691)	(125,691)
Amount appropriated for expenditure	(702,045)	-	(702,045)
Endowment net assets, end of year	\$ 6,452,089	\$ 13,219,442	\$ 19,671,531

	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 irrevocable perpetual trust	-	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

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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, 2020 and 2019 amounted to \$297,780 and \$297,780, respectively. Interest earned on the note receivable during the years ended June 30, 2020 and 2019, amounted to \$19,359 and \$19,359, respectively.

8. Property and Equipment, Net

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

	2020	2019
Land	\$ 2,853,231	\$ 2,853,232
Building and improvements	19,733,480	19,472,399
Equipment and software	2,236,850	2,117,627
Construction in progress	278,059	326,054
Transportation equipment	1,026,079	1,026,079
	26,127,699	25,795,391
Less: accumulated depreciation	(12,195,763)	(11,221,264)
Property and equipment, net	\$ 13,931,936	\$ 14,574,127

The construction in progress at June 30, 2020 and 2019 relates to the teen center as described in Note 16).

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:

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

	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

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	2020	2019
Contributions receivable are expected to be collected in:		
Less than one year	\$ 422,257	\$ 422,258
One year to five years	1,524,715	1,045,082
Over five years	2,729,642	2,802,117
Gross contributions receivable	4,676,614	4,269,457
Less:		
Discount to present value	(1,767,335)	(1,784,818)
Contributions receivable, net	\$ 2,909,279	\$ 2,484,639

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, 2020 and 2019, the Club had a contribution payable to the Plan in the amount of \$609,797 and \$475,310, 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, 2020 and 2019 totaled \$203,831 and \$187,569, 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 \$193,197 and \$184,242, which is included in accounts payable and accrued expenses as of June 30, 2020 and 2019, 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:

	2020	2019
Program operations	\$ 1,630,810	\$ 1,394,339
Capital projects	30,000	44,422
Time restrictions	3,953,958	3,579,642
Donor-restricted endowment	13,219,442	13,345,133
	\$ 18,834,210	\$ 18,363,536

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.

	2020	2019
Program operations	\$ 2,134,889	\$ 416,951
Capital projects	44,421	139,682
Time restrictions	683,759	669,257
	\$ 2,863,069	\$ 1,225,890

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13. Liquidity

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

<i>June 30,</i>		2020		2019
Current Assets	\$	11,432,523	\$	11,300,817
Less current assets with donor restrictions		(3,027,508)		(2,826,340)
Amounts available	\$	8,405,015	\$	8,474,477

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, 2020 and 2019. The line of credit expired on December 31, 2020. The Club is in the process of renewing this line of credit as of the date of this report.

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, 2020 and 2019, grants receivable from the Boys & Girls Clubs of America amounted to \$42,101 and \$11,508, respectively. For the years ended June 30, 2020 and 2019, 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, 2020 and 2019, net accounts receivable from members of the Board of Directors amounted to \$64,351 and \$129,595, respectively, net of discount. For the years ended June 30, 2020 and 2019, public support from members of the Board of Directors amounted to \$1,536,522 and \$2,952,273, respectively.

16. Commitments and Contingencies

Grant Commitment

On October 25, 2018, the Club entered into a \$1.5 million agreement with a private donor related to the Club's Great Futures Campaign. The funds from this agreement will be used towards the building of a teen center at the site of the current Rick & Rita Case Boys & Girls Club. Based on the terms of the agreement, the Club has recognized \$500,000 in contribution revenue with donor restriction for the

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year ended June 30, 2019. Due to the global pandemic, the Club did not meet specific milestones and conditions during the fiscal year ended June 30, 2020 therefore the Club did not receive the 2nd payment due on the contract. The donor has committed to awarding the remaining 2-year term of the agreement for the fiscal years ending June 30, 2021 and June 30, 2022 provided the Club is able to meet the terms of the contract. No amounts toward the \$1 million have been recorded as of June 30, 2020 as the barriers were not achieved.

Granting Agencies

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

Economic Conditions

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

Litigation

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

Operating Leases

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

The following is a schedule of future minimum rental payments under the operating lease agreements as of June 30, 2020:

2021	\$	6,314
2022		6,314
2023		6,314
2024		6,314
2025		5,206
<u>Total</u>	<u>\$</u>	<u>30,462</u>

Lease expenses under these leases were \$6,042 and \$8,357 for the years ended June 30, 2020 and 2019, respectively.

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

17. COVID-19 and CARES Act

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The Club’s operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Several special events that were scheduled to take place in fiscal year 2020 were cancelled due to the pandemic. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. As of the date of this report, our 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 Club has taken steps to reduce expenses by lowering staffing patterns to match daily member attendance as well as reducing staffing at its administrative offices. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Club is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future fiscal years. However, the outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of national economic slowdown. As such, our financial condition and liquidity may be negatively impacted for the fiscal year 2021.

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

The application for these funds requires the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. This certification further requires the Company to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria. The loan has been properly recorded in the Club’s statements of financial position as of June 30, 2020 on the line Paycheck Protection Program Loan. As of the date of this report, the Club has not applied for forgiveness but anticipates that the majority, if not all, of the loan received under the CARES Act will be fully forgiven. Any unforgiven amounts will be payable beginning May 7, 2021 and will begin to accrue interest at 1%. The Loan matures on May 7, 2022.

18. Subsequent Events

The date to which events occurring after June 30, 2020, the date of the most recent statement of financial position, has been evaluated by the Club for possible adjustment to the financial statements or disclosure is January 29, 2021. No material events have occurred since June 30, 2020 that require the recognition or disclosure in the financial statements. However, Due to the continuing COVID-19 global pandemic, there is a potential that special events scheduled for the subsequent fiscal year may

Boys and Girls Clubs of Broward County, Inc.

Notes to Financial Statements

need to be cancelled. In addition, the average daily attendance of the organizations members as also been impacted by the pandemic. These situations could have unforeseen impacts on budgeted revenue but the Club's management has already taken steps to reduce expenses such as staff reductions and reduced hours of operations.

Subsequent to year end, the Club was made aware of a Blackbaud, Inc. (Blackbaud) ransomware attack on certain accounting and donor database information maintained by Blackbaud on behalf of the Club. Blackbaud has communicated to management that the ransomware attack did not result in the exposure of any unencrypted accounting information. Management has conducted an internal audit to verify that there is no impact, which includes consultation with outside legal counsel. Legal counsel has indicated that certain notifications are required even though the data was encrypted. As of the date of this report, no significant financial impact is expected from the breach, however this matter is still ongoing and final conclusion cannot be made.

Supplementary Information

Boys and Girls Clubs of Broward County, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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	6/10/19 to 8/13/19	\$ 376,096
Summer Food Service Program for Children	04-0782	10.559	6/22/20 to 8/11/20	17,706
Florida Department of Health:				
Child and Adult Care Food Program	A-3159	10.558	10/1/18 to 9/30/19	223,883
Child and Adult Care Food Program	A-3159	10.558	10/1/19 to 9/30/20	1,092,243
Total U.S. Department of Agriculture Pass-Through Programs				1,709,928
<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)	2018-JU-FX-0013	16.726	1/1/19 to 12/31/19	10,039
Total U.S. Department of Justice Direct Programs				10,039
<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	5,959
City of Pompano Beach Community Development Block Grant		14.218	10/01/19 to 9/30/20	2,739
City of Hollywood Community Development Block Grant		14.218	10/01/19 to 9/30/20	5,655
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				44,103
Total Expenditures of Federal Awards				\$ 1,764,070

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, 2020

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, 2020. 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, 2020

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	7/1/19 to 6/30/20	\$ 219,347
<u>Florida Department of Education Pass-Through Program from:</u>				
The Florida Alliance of Boys & Girls Clubs:				
Mentoring Student Assistance Initiatives	96449	48.068	7/1/19 to 6/30/20	245,771
Total State Awards				\$ 465,118

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, 2020 and is presented on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Florida Auditor General*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies:

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



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

To the Board of Directors
Boys and Girls 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, 2020, 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 January 29, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

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

Miami, Florida
January 29, 2021

BDO USA, LLP

Certified Public Accountants



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

To the Board of Directors
Boys and Girls 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, 2020. 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, 2020.



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 2020-001. Our opinion on each federal program is not modified with respect to this matter.

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

The Club is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Club's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

The Club's response to the internal control over compliance findings identified in our audit is described in the accompanying *schedule of findings and questioned costs and corrective action plan*.



The Club's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Club is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Club's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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
January 29, 2021

Certified Public Accountants

Boys and Girls Clubs of Broward County, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

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 x No
- Significant deficiency (ies) identified? ___Yes x None reported
- Noncompliance material to financial statements noted? ___Yes x No

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? ___Yes x No
- Significant deficiency (ies) identified? x 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)?

x 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 x 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*.

Boys and Girls Clubs of Broward County, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section III - Federal Award Findings and Questioned Costs

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

Information on Federal Program -

U.S. Department of Agriculture
Passed through Florida Department of Health
CFDA Number: 10.558
CFDA Name: Child and Adult Care Food Program

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

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

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

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

Known Questioned Costs - \$416

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

Repeat Finding - This is considered a repeat finding from prior year as it involves a failure in the same control over compliance related to review of allowable costs related to payroll as finding 2019-001 included in the fiscal year 2019 report.

Recommendation - We recommend that management ensure its policies and procedures are followed on a consistent basis.

Management Response - The implementation of additional levels of review of the Monthly Personnel Activity Reports has resulted in better accuracy in ensuring that correct earnings are always used. This year's oversight occurred with the change in the Department of Labor rules starting January 1, 2020. Employees charged to this grant were previously classified as "exempt" and therefore not eligible for overtime pay. Certain employees that did not meet the new salary thresholds under the new FLSA rules were reclassified to "non-exempt" status and became eligible for overtime pay. Because of the prior year finding around this same control, we were careful to include all earnings paid per month for all employees charged to the grant but neglected to verify that overtime pay was selected as an allowable cost under the contract. For the current fiscal year we have requested that overtime pay be considered an allowable cost and this request was approved by the state. In addition, management has re-instated the previously open position of Grant Accounting Coordinator. This position's primary focus will be oversight of all grant contracts and reporting to ensure compliance. As of the date of this report the Grant Accounting Coordinator position has been filled.



Summary Schedule of Prior Audit Findings

Status of Prior Year Findings,

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

2019-01 - **Activities Allowed or Unallowed; Allowable Costs/Cost Principles**

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

Prior Year Finding:

During our testing of disbursements, we noted the following exception:

- 3 errors were identified in the testing of payroll charged to the federal awards program where differences were noted between the amount charged and the general ledger.

Current Year Status:

The implementation of additional levels of review of the Monthly Personnel Activity Reports has resulted in better accuracy in ensuring that correct earnings are always used.

Dream Makers Society

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

*In Memoriam



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Management's Corrective Action Plan

The implementation of additional levels of review of the Monthly Personnel Activity Reports has resulted in better accuracy in ensuring that correct earnings are always used. During the preparation of Personnel Activity Reports for FY 2020 we were careful to include all earnings paid per month for all employees charged to the grant. Effective January 1, 2020 there was a change in the Department of Labor rules regarding the classification of exempt vs non-exempt employees. Employees charged to this grant were previously classified as "exempt" and therefore not eligible for overtime pay. Certain employees that did not meet the new salary thresholds under the new FSLA rules were reclassified to "non-exempt" status and became eligible for overtime pay. Because of the prior year finding around this same control, we were careful to include all earnings paid per month for all employees charged to the grant but neglected to verify that overtime pay was selected as an allowable cost under the contract. For FY 2021 we have requested that overtime pay be included as an allowable cost and this request was approved by the state. In addition, management has re-instated the previously open position of Grant Accounting Coordinator. This position's primary focus will be oversight of all grant contracts and reporting to ensure compliance. As of the date of this report the Grant Accounting Coordinator position has been filled.

Michele Clarke
Chief Financial Officer
Anticipated Completion Date - Immediate

Michele Clarke, CFO
Boys & Girls Clubs of Broward County
January 29, 2021

Dream Makers Society

Rita & Rick Case - Florence & Lawrence DeGeorge - Christy & Larry Hierholzer - Marti & H. Wayne Huizenga* - Mary Anne & Richard* Kull
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