

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

The logo consists of a dark blue square with a white border. Inside the square, the letters "HRC" are written in a white, bold, sans-serif font.

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BOYS & GIRLS CLUBS OF SOUTHERN NEVADA

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Clubs of Southern Nevada
Las Vegas, Nevada

We have audited the accompanying consolidated financial statements of the Boys & Girls Clubs of Southern Nevada (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2020 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Clubs of Southern Nevada as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the consolidating information as of and for the year ended December 31, 2020, on pages 25 through 27, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2021, on our consideration of Boys & Girls Clubs of Southern Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys & Girls Clubs of Southern Nevada's internal control over financial reporting and compliance.

Howdsworth, Russo & Company, P.C.

Las Vegas, Nevada
June 17, 2021

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

| | |
|---|---------------|
| CURRENT ASSETS | |
| Cash and equivalents | \$ 11,630,005 |
| Cash and equivalents, restricted | 3,078,595 |
| Investments | 228,744 |
| Grants receivable | 1,514,630 |
| Unconditional promises to give | 1,010,000 |
| Prepaid expenses | 142,660 |
| | 17,604,634 |
| OTHER ASSETS | |
| Cash and equivalents, restricted | 271,345 |
| Cash and equivalents, restricted in perpetuity | 7,139,067 |
| Unconditional promises to give, net of current and discount | 851,931 |
| Property and equipment, net | 21,514,303 |
| Land held for investment | 54,800 |
| Notes receivable | 11,883,127 |
| | \$ 59,319,207 |

LIABILITIES AND NET ASSETS

| | |
|---|---------------|
| CURRENT LIABILITIES | |
| Accounts payable | \$ 159,123 |
| Accrued staffing expenses | 141,002 |
| Funds held on behalf of others | 90,725 |
| Deferred revenue | 10,000 |
| | 400,850 |
| LONG-TERM LIABILITIES | |
| Notes payable, net of debt issuance costs | 16,000,181 |
| Total liabilities | 16,401,031 |
| NET ASSETS | |
| Without donor restrictions: | |
| Without donor restrictions | 7,547,767 |
| Without donor restrictions held in property and equipment | 18,614,664 |
| Board designated | 1,505,168 |
| | 27,667,599 |
| With donor restrictions: | |
| With donor restrictions | 12,350,938 |
| With donor restrictions held in property and equipment | 2,899,639 |
| | 15,250,577 |
| Total net assets | 42,918,176 |
| Total liabilities and net assets | \$ 59,319,207 |

See notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue, gains and other support:

| | | | |
|--|----|-----------------|------------------|
| Contributions | | \$ | 2,191,586 |
| Federal grants | | | 3,366,596 |
| Other grants | | | 2,710,647 |
| Program fees, net | | | 419,724 |
| Special event revenue | \$ | 364,831 | |
| Less: costs of direct benefits to donors | | <u>(29,266)</u> | |
| Net revenues from special events | | | 335,565 |
| In-kind donations | | | 271,317 |
| Rental income | | | 72,138 |
| Other income | | | 25,831 |
| Gain on sale of property and equipment | | | 3,902 |
| Gain on sale of land held for investment | | | 74,750 |
| Net assets released from restrictions | | | <u>2,777,403</u> |

12,249,459

Expenses and losses:

| | | | |
|------------------------|--|--|----------------|
| Program services | | | 7,435,983 |
| Supporting services: | | | |
| Fundraising | | | 423,845 |
| Management and general | | | <u>770,675</u> |

8,630,503

| | | | |
|--|--|--|---------------|
| Investment losses, net | | | 3,967,264 |
| Unallocated payments to affiliated organizations | | | <u>39,855</u> |

12,637,622

Change in net assets without donor restrictions (388,163)

NET ASSETS WITH DONOR RESTRICTIONS

| | | | |
|--|--|--|--------------------|
| Contributions | | | 1,180,637 |
| Net assets released from restrictions | | | <u>(2,777,403)</u> |
| Change in net assets with donor restrictions | | | <u>(1,596,766)</u> |

CHANGE IN NET ASSETS (1,984,929)

NET ASSETS, BEGINNING OF YEAR 44,903,105

NET ASSETS, END OF YEAR \$ 42,918,176

See notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Program Services | Fundraising | Management and General | Direct Benefits to Donors | Total |
|--|---------------------|-------------------|---------------------------|------------------------------|---------------------|
| Salaries and wages | \$ 3,887,654 | \$ 163,927 | \$ 468,678 | \$ - | \$ 4,520,259 |
| Payroll taxes and related | 271,955 | 11,467 | 32,785 | - | 316,207 |
| Employee benefits | 262,300 | 11,060 | 31,621 | - | 304,981 |
| Bank and credit card fees | 18,484 | 6,040 | - | - | 24,524 |
| Computer and technology | 136,446 | 10,308 | 16,449 | - | 163,203 |
| Conferences and training | 1,682 | 71 | 202 | - | 1,955 |
| Contract labor | 10,000 | - | - | 25,478 | 35,478 |
| Depreciation | 1,197,550 | 8,134 | 15,364 | - | 1,221,048 |
| Dues and subscriptions | 1,152 | 550 | 7,815 | - | 9,517 |
| Food | 16,890 | - | 353 | - | 17,243 |
| Insurance | 179,497 | 527 | 14,910 | - | 194,934 |
| Meals and entertainment | 703 | 122 | 2,355 | 130 | 3,310 |
| Other | 4,153 | 41,480 | 106 | 192 | 45,931 |
| Postage | 999 | 299 | 1,818 | - | 3,116 |
| Printing and copying | 18,952 | 2,729 | 5,188 | - | 26,869 |
| Professional services | 29,159 | 156,760 | 144,507 | - | 330,426 |
| Program services | 354,896 | - | - | - | 354,896 |
| Rent | 16,000 | - | - | 1,000 | 17,000 |
| Repairs and maintenance | 519,930 | 3,531 | 6,671 | - | 530,132 |
| College scholarships | 75,755 | - | - | - | 75,755 |
| Supplies | 22,874 | 964 | 2,758 | 2,466 | 29,062 |
| Income taxes | - | - | 4,896 | - | 4,896 |
| Telephone and internet | 71,940 | 3,033 | 8,673 | - | 83,646 |
| Transportation and travel | 5,897 | 876 | 1,810 | - | 8,583 |
| Utilities | 289,649 | 1,967 | 3,716 | - | 295,332 |
| Vehicle | 41,466 | - | - | - | 41,466 |
| | <u>7,435,983</u> | <u>423,845</u> | <u>770,675</u> | <u>29,266</u> | <u>8,659,769</u> |
| Less: costs of direct benefits to donors | - | - | - | (29,266) | (29,266) |
| Total expenses | <u>\$ 7,435,983</u> | <u>\$ 423,845</u> | <u>\$ 770,675</u> | <u>\$ -</u> | <u>\$ 8,630,503</u> |

See notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | |
|--|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ (1,984,929) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 1,221,048 |
| Change in discount to present value | (39,433) |
| Donated property and equipment | (140,000) |
| Realized/unrealized loss on investments | 4,073,318 |
| Gain on disposal of property and equipment | (3,902) |
| Gain on disposal of land held for investment | (74,750) |
| Contributions restricted for long-term purposes | (810,000) |
| (Increase) decrease in operating assets: | |
| Grants receivable | (1,032,495) |
| Unconditional promises to give | 260,000 |
| Prepaid expenses | (61,846) |
| Increase (decrease) in operating liabilities: | |
| Accounts payable | (69,638) |
| Accrued staffing expenses | (166,860) |
| Funds held on behalf of others | (683,677) |
| Deferred revenue | (5,090) |
| | 481,746 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Proceeds from sales of investments | 26,424,804 |
| Purchases of investments | (12,385,185) |
| Purchases of property and equipment | (1,421,898) |
| Proceeds from sale of property and equipment | 3,902 |
| Proceeds from sale of land held for investment | 158,750 |
| Issuance of notes receivable | (11,883,127) |
| | 897,246 |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Contributions restricted for long-term purposes | 810,000 |
| Proceeds from notes payable | 16,000,181 |
| | 16,810,181 |
| CHANGE IN CASH AND EQUIVALENTS | 18,189,173 |
| CASH AND EQUIVALENTS, BEGINNING OF YEAR | 3,929,839 |
| CASH AND EQUIVALENTS, END OF YEAR | \$ 22,119,012 |
| SUMMARY OF CASH ACCOUNTS | |
| Cash and equivalents | \$ 11,630,005 |
| Cash and equivalents, restricted | 3,078,595 |
| Cash and equivalents, restricted, long-term | 271,345 |
| Cash and equivalents, restricted in perpetuity | 7,139,067 |
| | \$ 22,119,012 |
| SUPPLEMENTAL DISCLOSURES: | |
| Income taxes paid | \$ 4,896 |

See notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Boys & Girls Clubs of Southern Nevada (the Club) is a nonprofit corporation organized under the laws of the State of Nevada for the purpose of enabling all young people, especially those who need Boys & Girls Clubs the most, to reach their full potential as productive, caring, responsible citizens. The core programs engage young people in activities with adults, peers and family members that enable them to reach their full potential. Based on the interest and needs of the boys and girls they serve, clubs offer diverse program activities in five areas: Character and Leadership Development, Education and Career Development, the Arts, Sports, Fitness and Recreation, and Health and Life Skills. The Boys & Girls Clubs of Southern Nevada is supported primarily through donor contributions, grants from donors and organizations, and fees charged to the children attending the clubs in the Southern Nevada region.

The Boys & Girls Clubs of Las Vegas Foundation, Inc. (the Foundation) was formed in 1985 to provide long-term operational funding for the Boys & Girls Clubs of Southern Nevada. The Foundation was formed with a view towards establishing an endowment of sufficient size that the income there from would eventually contribute all, or at least a major portion, of the ongoing operating funds of the Boys & Girls Clubs of Southern Nevada. The Boys & Girls Clubs of Las Vegas Foundation is supported primarily through donor contributions from the Southern Nevada region and investment return.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Principles of Consolidation

The consolidated financial statements include the financial information of the Boys & Girls Clubs of Southern Nevada and the Boys & Girls Clubs of Las Vegas Foundation (collectively, the Organization). The Boys & Girls Clubs of Southern Nevada is consolidated under the principles of FASB ASC as the Boys & Girls Clubs of Southern Nevada has both an economic interest in the Boys & Girls Clubs of Las Vegas Foundation and control of the Foundation through a majority voting interest in its governing board. All material interorganizational transactions have been eliminated.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Club and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Club and Foundation qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than private foundations under Section 509(a)(2).

Estimates

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Equivalents

For purposes of the consolidated statement of cash flows, operating cash that is not restricted for long-term purposes is considered to be cash and equivalents. For the presentation of cash balances, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Under FASB ASC, investments in marketable equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value in the consolidated statement of financial position. Investment return restricted by a donor is reported as increases in net assets with donor restrictions in the reporting period in which the income and gains are recognized. If the restrictions expire in the reporting period, the investment return will be reported as without donor restrictions. Investments in real estate consist of property recorded at the fair market value at the date of the donation. Investments in privately held stock are recorded at the estimated fair market value at the date of donation.

Receivables

Grants receivable are stated at the amount management expects to collect from outstanding balances. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. There was no allowance recognized as of December 31, 2020.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. It is the Organization's policy to estimate an allowance for pledges receivable based on an annual assessment.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000 and with a useful life of greater than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets.

| | |
|----------------------------|-------------|
| Buildings and improvements | 10-39 years |
| Equipment | 3-10 years |
| Furniture and fixtures | 3-10 years |
| Vehicles | 5-7 years |

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets.

Revenue With and Without Restrictions

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

Scholarship Allowances

Program fees and membership dues are reported net of scholarship allowances in the consolidated statement of activities. Scholarship allowances are the difference between the stated charge for goods and services provided by the Organization and the amount that is paid by third parties making payments on the children's behalf. The total scholarship allowances for the year ended December 31, 2020 were \$568,598.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributed services for the year ended December 31, 2020 consist of \$25,000 for garbage collection, allocated among the program and supporting services benefited and \$50,000 for music education services, recorded as program services in the statement of functional expenses.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Advertising

Advertising costs are expensed as incurred, totaled \$30,090 for the year ended December 31, 2020, and are included in fundraising on the statement of functional expenses.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following expenses were directly allocated based on the nature of the expense: bank and credit card fees, contract labor, dues and subscriptions, food, postage, printing and copying, program services, rent, college scholarships, income taxes, transportation and travel, and vehicle.

The following expenses were allocated on the basis of estimated employee time and effort used for each function: conferences and training, employee benefits, payroll taxes and related, salaries and wages, supplies, and telephone and internet.

The following expenses were allocated on the basis of estimated space used for each function: depreciation, repairs and maintenance, and utilities.

The following expenses were allocated on the basis of a combination of estimated employee time and effort used for each function, estimated space used for each function, and/or directly allocated by function based on the nature of the expense: computer and technology, insurance, meals and entertainment, other, and professional services.

Subsequent Events

Subsequent events have been evaluated through June 17, 2021 which is the date the consolidated financial statements were available to be issued.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contribution, grant, and program revenues and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets as of December 31, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

| | |
|---|-------------------------|
| Cash and equivalents | \$ 22,119,012 |
| Investments | 1,000 |
| Grants receivable | 1,514,630 |
| Unconditional promises to give, current | <u>1,010,000</u> |
| Total financial assets | 24,644,642 |
| Less: | |
| Amounts unavailable for general expenditures within one year, due to: | |
| Unconditional promises to give, in-kind rent | (10,000) |
| Funds held on behalf of others | (90,725) |
| Restricted by donors for long-term purposes | (271,345) |
| Restricted by donors in perpetuity | <u>(7,139,067)</u> |
| Total amounts unavailable for general expenditures within one year | (7,511,137) |
| Amounts unavailable to management without Board's Finance Committee or Foundation Board's approval: | |
| General endowment | (6,651,352) |
| Endowment funds with purpose restriction | (1,822,200) |
| Board-designated emergency funds | (1,304,794) |
| Board-designated repair and maintenance fund | <u>(200,374)</u> |
| Total amounts unavailable to management without Board's Finance Committee or Foundation Board's approval | <u>(9,978,720)</u> |
| Total financial assets available to management for general expenditure within one year | <u>\$ 7,154,785</u> |

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 3. INVESTMENTS AND FAIR VALUE

The privately held stock and real estate investment trusts are not publicly traded and are classified as other investments and included in the scope of FASB ASC 958-325. In accordance with FASB ASC 958-325, the Organization chose to measure these investments at the estimated fair value at the date of donation. The entire balance of investments is current as of December 31, 2020.

Investments consist of the following as of December 31, 2020:

| | <u>Fair Value</u> |
|-------------------------------|-------------------|
| Privately held stock | \$ 227,744 |
| Real estate investment trusts | 1,000 |
| | \$ 228,744 |

In accordance with FASB ASC, the following are quantitative disclosures about the fair value measurements of assets and liabilities. Fair value measurements are categorized on three levels:

Level 1 inputs are quoted market prices in active markets for identical assets.

Level 2 inputs are inputs other than quoted prices within Level 1; for example, quoted prices for similar assets.

Real estate investment trusts – Inputs other than quoted prices that are observable for the asset or liability directly, for substantially the full term of the financial instrument.

Level 3 inputs are unobservable inputs for the assets.

Privately held stock – In 2008, the Organization received a private stock donation representing a 2.78% ownership interest in an S-corporation that owns real estate which is leased on a long-term basis. The initial value of this interest was recorded based on the projected lease income over the remaining term of the lease using a discount factor of 3.85%. In 2018, the lease was extended through August 2040. As a result, the interest was revalued. The estimated fair value was based on the present value of an annuity paid through the end of the extended lease term using an estimated incremental borrowing rate of 3.85%.

In 2016, the Organization received a transfer of assets from the Sun Camp Endowment which consisted of an additional 2.78% interest in the privately held stock described above. The Organization is obligated to administer the Sun Camp Endowment through September 30, 2023. This interest was revalued using the same method described above, through the term of the administration obligation.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 3. INVESTMENTS AND FAIR VALUE (CONTINUED)

The Organization holds land for investment. As of December 31, 2020, this land is recorded at its fair value on the date of donation totaling \$54,800.

Except for the land listed above, the Organization's only assets valued at fair value are its investments. The Organization's investments at December 31, 2020 are as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------|----------------|-----------------|-------------------|-------------------|
| Privately held stock | \$ - | \$ - | \$ 227,744 | \$ 227,744 |
| Real estate investment trusts | <u>-</u> | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| | - | 1,000 | 227,744 | 228,744 |
| Land held for investment | <u>-</u> | <u>-</u> | <u>-</u> | <u>54,800</u> |
| Total investments | <u>\$ -</u> | <u>\$ 1,000</u> | <u>\$ 227,744</u> | <u>\$ 283,544</u> |

NOTE 4. ENDOWMENT FUND

As of December 31, 2020, the Organization had thirteen endowment funds:

- The Jackie Gaughan Club endowment has corpus with perpetual donor restrictions of \$300,000 for which the earnings on the investment are donor restricted for providing maintenance, upkeep, and general operations of the Gaughan Clubhouse.
- The Reynolds Clubhouse endowment has corpus with perpetual donor restrictions of \$904,467 in which the earnings on the investment are donor restricted for providing maintenance, upkeep, and general operations for the Reynolds Clubhouse.
- The General endowment has corpus with perpetual donor restrictions of \$1,709,600 in which the earnings and remaining balance of the investment account are to fund an annual contribution to the Boys & Girls Clubs of Southern Nevada Founders Drive and for general operations.
- The Restricted Fund for Programs for the Donald W. Reynolds Club endowment has a corpus with donor restrictions of \$904,467 to be used over 20 years. The earnings on the investment and 5% of the corpus may be spent on programs and operations related to the Donald W. Reynolds Club annually.
- The Ralph and Betty Engelstad Club repairs and maintenance endowment has corpus with perpetual donor restrictions of \$1,000,000. The earnings on the investment are donor restricted for providing maintenance and upkeep of the Ralph and Betty Engelstad Clubhouse.
- The Engelstad Family Foundation college scholarship endowment has corpus with perpetual donor restrictions of \$1,500,000. The earnings on the investment are donor restricted to provide annual scholarships to members of the Boys & Girls Clubs of Southern Nevada.
- The John C. Kish Memorial college scholarship has corpus with perpetual donor restrictions of \$75,000. The earnings on the investment are donor restricted to provide scholarship support to members of the Boys & Girls Clubs of Southern Nevada.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 4. ENDOWMENT FUND (CONTINUED)

- The Mark H. Alden Fund is comprised of restricted donations that support music programming at all clubhouses.
- The Brigitte Kirvin Downtown Clubhouse Youth of the Year Award endowment was funded with \$10,000 to provide for expenses incurred by the Downtown Youth of the Year candidate when competing for the Southern Nevada title, state title, and national title. The earnings on the investment are donor restricted to be used toward expenses for the candidate.
- The administration of the Las Vegas Sun Summer Camp Fund was turned over to the Organization effective October 1, 2015. Initial funding of \$510,000 was provided to be used over a period of eight years to send disadvantaged children to summer sleep-away camp.
- Established in 2017, the Engelstad Family Foundation Repair and Maintenance endowment will be funded over five years and will fund repairs and maintenance at any clubhouse.
- The Organization received a donation from an anonymous donor of which \$300,000 is to be restricted for repairs and maintenance at all clubhouses.
- Established in 2020, the Andre Agassi Club endowment will be funded over five years with earnings available and restricted for capital improvements at the Andre Agassi Club.

The Organization's endowment funds consist of the following assets as of December 31, 2020:

| | |
|------|----------------------|
| Cash | <u>\$ 17,425,350</u> |
|------|----------------------|

The endowments include donor restricted funds, board designated funds and earnings. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Nevada state laws as requiring the preservation of the 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 Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in accordance with the donors' wishes. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 4. ENDOWMENT FUND (CONTINUED)

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies at December 31, 2020.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution to the Boys & Girls Clubs of Southern Nevada each year a percentage of its endowment fund's average fair value over the trailing 12 quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment. Before payout is determined, a dollar amount equal to the trailing year's inflation rate is placed back into the corpus of the fund in order to offset the impact of inflation.

Endowment net assets consist of the following at December 31, 2020:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Board-designated endowment funds | \$ 1,505,168 | \$ - | \$ 1,505,168 |
| Donor restricted endowment funds, perpetual in duration-original gift amount | - | 7,139,067 | 7,139,067 |
| Donor restricted endowment funds | | | |
| Repairs and maintenance | - | 1,129,879 | 1,129,878 |
| Program | - | 413,180 | 413,180 |
| Scholarships | - | 187,260 | 187,261 |
| Las Vegas Sun Summer Camp Fund | - | 399,444 | 399,444 |
| General endowment | <u>6,651,352</u> | <u>-</u> | <u>6,651,352</u> |
| | <u>\$ 8,156,520</u> | <u>\$ 9,268,830</u> | <u>\$ 17,425,350</u> |

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 4. ENDOWMENT FUND (CONTINUED)

Changes in endowment net assets for the year ended December 31, 2020:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 6,575,954 | \$ 10,327,117 | \$ 16,903,071 |
| Investment losses, net | (1,983,411) | (2,018,287) | (4,001,698) |
| Transfers | - | 960,000 | 960,000 |
| Contributions | <u>3,563,977</u> | <u>-</u> | <u>3,563,977</u> |
| Endowment net assets, end of year | <u>\$ 8,156,520</u> | <u>\$ 9,268,830</u> | <u>\$ 17,425,350</u> |

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for long-term purposes. Under this policy, as approved by the Foundation Board of Trustees, the endowment assets are invested in a manner that is intended to 1) increase the overall purchasing power of the endowment through asset growth and income returns and 2) provide a source of funds if the Foundation Board of Trustees deems it necessary for capital expenditures or annual operations. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation under the following parameters for each asset class:

| | <u>Target Allocation</u> | <u>Permissible Range</u> |
|--|--------------------------|--------------------------|
| Investment grade fixed income securities | 33% | 18%-48% |
| Other fixed income Securities | 13% | 3%-23% |
| U.S. equity securities | 32% | 22%-42% |
| Non-U.S. equity securities | 22% | 12%-32% |

During the year ended December 31, 2020, after experiencing significant losses on investments, the Organization converted its investment portfolio to cash holdings. Because of this liquidation, the asset allocation noted above was not maintained throughout the year. The Organization expects to repurchase the majority of its holdings in investments during 2021, at which time the above asset allocation will again be maintained.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 5. BOARD DESIGNATED NET ASSETS

The Board of Directors has designated \$1,304,794 for an emergency fund available for operations and \$200,374 for repairs and maintenance at the Kish, Lied, Southern Highlands and James clubhouses, for a total of \$1,505,168.

NOTE 6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recorded at the net present value of estimated future cash flows using discount rates of between 3% and 6%. Amounts are recorded as net assets with donor restrictions until released from restriction. All unconditional promises to give were deemed fully collectible at December 31, 2020.

Unconditional promises to give consist of the following at December 31, 2020:

| | |
|---|---------------------|
| Current receivable balance | \$ 1,010,000 |
| Long-term receivable balance, net of discount | <u>851,931</u> |
| Net receivable balance | <u>\$ 1,861,931</u> |

Expected collections of unconditional promises to give are as follows at December 31, 2020:

| | |
|--|---------------------|
| Gross receivable due in less than one year | \$ 1,197,500 |
| Gross receivable due in one to five years | 612,500 |
| Gross receivable due in more than five years | <u>670,000</u> |
| | 2,480,000 |
| Less: discounts to net present value | <u>(618,069)</u> |
| | <u>\$ 1,861,931</u> |

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020:

| | |
|--------------------------------|----------------------|
| Land | \$ 1,583,934 |
| Buildings and improvements | 33,472,586 |
| Furniture and equipment | 2,508,075 |
| Vehicles | <u>508,257</u> |
| | 38,072,852 |
| Less: accumulated depreciation | <u>(16,558,549)</u> |
| | <u>\$ 21,514,303</u> |

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 8. NEW MARKETS TAX CREDIT FINANCING

During the year ended December 31, 2020, to generate funds to be used in furtherance of the Organization's mission and exempt purpose, the Organization entered into a New Markets Tax Credit (NMTC) financing arrangement. The NMTC program is designed to spur new or increased investments into operating businesses and real estate projects located in low-income communities by offering investors a federal tax credit in exchange for the investments. To earn the tax credit, the investor must remain invested for a 7-year period, which will end on December 31, 2027. As part of this financing arrangement, the Organization issued three notes receivable totaling \$11,883,127 to six investment funds. In turn, these investment funds made an investment in a Community Development Entity (CDE) and hold a 99.99% investor member interest in the CDE. The CDE made thirteen loans totaling \$17,647,059 to the project (See Note 9). As part of the financing arrangement, the Organization entered into a put and call agreement to take place at the end of the 7-year tax credit period. Under the agreements, the NMTC investor can exercise a put option to sell all interest in the investment fund to the Organization for \$1,000. If the NMTC investor does not exercise the put option, then the agreement allows the Organization to exercise a call option to purchase the interest in the investment fund at an appraised fair market value. As of December 31, 2020, this note receivable is expected to be fully collectible.

NOTE 9. NOTES PAYABLE

As of December 31, 2020, the Organization held thirteen notes payable totaling \$17,647,059 (Loans A-1 through B-7). These notes bear an interest rate of 1.00% per annum and are interest-only through December 2027, then convert to a principal and interest payment schedule for the balance of the loan term. These loans are payable in quarterly installments and mature in December 2055.

| | |
|---------------------------|----------------------|
| Loan A-1 | \$ 2,327,145 |
| Loan A-2 | 2,088,235 |
| Loan A-3 | 2,088,235 |
| Loan A-4 | 2,088,235 |
| Loan A-5 | 2,055,918 |
| Loan A-6 | 2,088,235 |
| Loan B-1 | 397,855 |
| Loan B-2 | 852,941 |
| Loan B-3 | 852,941 |
| Loan B-4 | 852,941 |
| Loan B-5 | 885,261 |
| Loan B-6 | 852,941 |
| Loan B-7 | <u>216,176</u> |
| | 17,647,059 |
| Less: debt issuance costs | <u>1,646,878</u> |
| Long-term notes payable | <u>\$ 16,000,181</u> |

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 9. NOTES PAYABLE (CONTINUED)

The schedule of principal payments is as follows for the years ending December 31,:

| | | |
|------------|-----------|-------------------|
| 2021 | \$ | - |
| 2022 | | - |
| 2023 | | - |
| 2024 | | - |
| 2025 | | - |
| Thereafter | | <u>17,647,059</u> |
| | <u>\$</u> | <u>17,647,059</u> |

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods as of December 31, 2020:

| | | |
|--|----|------------------|
| Subject to expenditure for a specified purpose: | | |
| Capacity building grant | \$ | 410,502 |
| Windsong Educational and Teen Programming | | 578,618 |
| Facility renovation projects | | 50,000 |
| Workforce Development programming | | 128,322 |
| Bicycles | | 3,966 |
| Art supplies | | 2,000 |
| Distance learning | | 30,000 |
| Youth of the Year program | | <u>16,770</u> |
| Total subject to expenditure for specified purpose | | 1,220,178 |
| Subject to passage of time: | | |
| Engelstad Family Foundation - Great Futures Start Here program | | 979,975 |
| Andre Agassi Foundation – endowment | | 717,865 |
| Unconditional promise to give – land lease | | 164,090 |
| Restricted use of building | | <u>2,762,982</u> |
| Total subject to passage of time | | 4,624,912 |
| Perpetual in nature: | | |
| Southern Highlands land | | 136,657 |

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Endowments:

Subject to endowment spending policy and appropriation:

| | |
|--|--------------|
| Las Vegas Sun Summer Camp Fund | 399,444 |
| Donald W. Reynolds Club repairs and maintenance | 380,391 |
| Restricted fund for programs and operations - Donald W. Reynolds Club | 393,401 |
| Ralph and Betty Engelstad Club repairs and maintenance | 277,537 |
| Engelstad Family Foundation scholarship fund | 145,305 |
| Clubhouse repairs and maintenance | 255,577 |
| Engelstad Family Foundation repairs and maintenance for all clubhouses | 192,255 |
| Jackie Gaughan Club repairs and maintenance | 24,119 |
| John C. Kish Memorial scholarship fund | 41,955 |
| Alden music programming | 12,604 |
| Brigitte Kirvin Downtown Clubhouse Youth of the Year Award Fund | <u>7,175</u> |

| | |
|--|-----------|
| Total subject to endowment spending policy and appropriation | 2,129,763 |
|--|-----------|

Endowments:

Investment in perpetuity:

| | |
|--|---------------|
| General endowment | 1,709,600 |
| Engelstad Family Foundation scholarship fund | 1,500,000 |
| Ralph and Betty Engelstad Club repairs and maintenance | 1,000,000 |
| Donald W. Reynolds Club repairs and maintenance | 904,467 |
| Engelstad Family Foundation repairs and maintenance for all clubhouses | 1,400,000 |
| Andre Agassi Foundation repairs and maintenance | 250,000 |
| Jackie Gaughan Club repairs and maintenance | 300,000 |
| John C. Kish Memorial scholarship fund | <u>75,000</u> |

| | |
|---|------------------|
| Total endowments investment in perpetuity | <u>7,139,067</u> |
|---|------------------|

| | |
|--|----------------------|
| Total net assets with donor restrictions | <u>\$ 15,250,577</u> |
|--|----------------------|

Net assets with donor restrictions consist of the following at December 31, 2020:

| | |
|---------------------------------|------------------|
| Cash and equivalents, current | \$ 3,078,595 |
| Cash and equivalents, long-term | 271,345 |
| Cash and equivalents, perpetual | 7,139,067 |
| Unconditional promises to give | 1,861,931 |
| Property and equipment | <u>2,899,639</u> |

| | |
|--|----------------------|
| | <u>\$ 15,250,577</u> |
|--|----------------------|

Under the terms of the donation agreement with the Southern Highlands Development Corporation, there is a perpetual restriction on the Organization's use of the Southern Highlands land and it may "be used for a youth services facility and charitable, educational and related activities focused on boys and girls," indefinitely.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Under the terms of the grant agreement with Clark County for the Community Development Block Grant, there is a temporary restriction on the Organization's use of the granted building and land. It must be used to operate a Boys & Girls Club community resource center for youth and low income households for a period of fifteen years following construction.

Net assets were released from donor restrictions during 2020 by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2020:

| | |
|--|---------------------|
| Satisfaction of purpose restrictions: | |
| Capacity building grant | \$ 156,821 |
| Facility renovation projects | 5,000 |
| Engelstad Family Foundation - Great Futures Start Here programs | 505,724 |
| Technology enhancements | 32,500 |
| STEAM programming | <u>17,250</u> |
| | 717,295 |
| Satisfaction of time restrictions: | |
| Unconditional promise to give – land lease | 133 |
| Restricted use of building | <u>205,937</u> |
| | 206,070 |
| Investment losses – amounts not yet appropriated for expenditure | <u>1,854,038</u> |
| Total net assets released from restrictions | <u>\$ 2,777,403</u> |

NOTE 11. CONCENTRATIONS

The Organization maintains funds at two financial institutions located in Nevada with balances insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The Organization also holds cash balances in one investment brokerage account which are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 which includes up to \$250,000 of uninvested cash. At times, the Organization's cash balances are in excess of FDIC and SIPC coverage limits. The Organization has not experienced any losses related to uninsured balances and does not believe it is exposed to a significant credit risk to cash.

As of December 31, 2020, \$1,514,630 was due from one government entity, representing 85% of the total grants receivable balance.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 12. RETIREMENT PLAN

The Organization offers employees a 401(k) plan. Employees age 21 and over are eligible to contribute up to 25% of their gross income, subject to IRS limitations, to the 401(k) plan after completing one year and 1,000 hours of service.

The Organization matches employee contributions at 50% of up to 6% of the respective employees' compensation. Vesting of the matching contributions occurs over a five-year period after match eligibility. Retirement expense totaled \$23,224 for the year ended December 31, 2020.

NOTE 13. LEASES

The Organization rents a facility located at 1608 Moser Drive from the City of Henderson for the Boyd Clubhouse. The monthly payment for this facility use is \$500. Beginning September 2012, the lease term is a 5-year lease agreement with one additional 5-year term only upon mutual parties' consent. For the year ended December 31, 2020, rent expense in the amount of \$6,000 was recognized.

The Organization received below market rent for leased land in May 1996. It was valued at \$970,000 at date of donation and is being amortized over 96 years at a rate of 6%. For the year ended December 31, 2020, rent expense in the amount of \$10,000 was recognized.

The Organization entered into a five year operating lease for copier equipment in April 2015 which expired during April 2020. Monthly payments on the lease were \$2,077. During April 2020, the Organization entered into a new five year lease for copier equipment expiring April 2025 with monthly payments of \$1,813. Total rent expense under both leases was \$22,810 for the year ended December 31, 2020.

Future minimum lease payments as of December 31, 2020 are as follows:

| | | |
|------|-----------|---------------|
| 2021 | \$ | 21,756 |
| 2022 | | 21,756 |
| 2023 | | 21,756 |
| 2024 | | 21,756 |
| 2025 | | <u>7,252</u> |
| | <u>\$</u> | <u>94,276</u> |

NOTE 14. LINE OF CREDIT

The Organization has a line of credit through its investments and can borrow against the portfolio up to \$4,000,000. The interest rate is one-month LIBOR plus 200 basis points. There was no outstanding balance on the line of credit at December 31, 2020.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 15. FUNDS HELD ON BEHALF OF OTHERS

The Organization is both fiscal agent for and a grantee of grant funds awarded to the Nevada Alliance of Boys & Girls Clubs by the State of Nevada. The Organization distributed funds under the terms of the agreement during the year ended December 31, 2020.

NOTE 16. NATIONAL AFFILIATE

Through its affiliation with the Boys and Girls Club of America, the Organization is required to submit annual dues based on the total operating expenses of the previous year. For the year ended December 31, 2020, the Organization paid \$23,200 in dues. The Organization received \$134,276 in donations and \$200,185 in grants passed through their national affiliate for the year ended December 31, 2020.

NOTE 17. PAYCHECK PROTECTION PROGRAM LOAN

On April 6, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from Lexicon Bank, for an aggregate principal amount of approximately \$1,001,267 (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal and accrued interest of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and commencing the earlier of (1) the date that SBA remits the Borrower's loan forgiveness amount to the Lender or (2) 10 months after the end of the Borrower's loan forgiveness covered period of 24-weeks, principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

The Organization has accounted for the PPP Loan as a conditional contribution in accordance with FASB ASC 958-605 and has recognized the contribution in full as of December 31, 2020 as all conditions were substantially met.

NOTE 18. RELATED PARTY TRANSACTIONS

The Organization has received cash and in-kind contributions from both members of the Board of Directors and local companies with affiliations to members of the Board of Directors in the amount of \$714,692 for the year ended December 31, 2020.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 19. RISKS AND UNCERTAINTIES

In March of 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its future operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the potential negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 20. COMMITMENT

During July 2019, the Organization entered into a five-year agreement with a professional music education provider. Under the terms of the agreement, this provider paid the costs of constructing a music studio at the Reynolds Clubhouse on the Organization's behalf. The Organization agrees to allow the provider to utilize the music studio while contributing music education services in furtherance of the Organization's programs for a period of three years. During the last two years of the agreement, the Organization has committed to pay the provider for these program services at a cost of \$100,000 per year. As a result of construction delays and the worldwide pandemic, the studio was completed during January 2020 and the timeline of services was amended to January 2020 through December 2024.

NOTE 21. SUBSEQUENT EVENTS

On January 25, 2021, the Organization (Borrower) was granted a loan (Loan) from Lexicon Bank in the aggregate amount of \$970,975, pursuant to the Paycheck Protection Program (PPP), under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a note dated January 25, 2021, matures on January 25, 2026 and bears interest at a rate of 1.00% per annum, payable monthly commencing on July 1, 2021. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization intends to use the Loan for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Boys & Girls Club of Southern Nevada | Boys & Girls Club of Las Vegas Foundation | Total Before Eliminations | Eliminating Entries | Consolidated |
|---|---|--|------------------------------|------------------------|---------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and equivalents | \$ 1,643,181 | \$ 9,986,824 | \$ 11,630,005 | \$ - | \$ 11,630,005 |
| Cash and equivalents, restricted | 948,733 | 2,129,862 | 3,078,595 | - | 3,078,595 |
| Investments | 192,525 | 36,219 | 228,744 | - | 228,744 |
| Grants receivable | 1,514,630 | - | 1,514,630 | - | 1,514,630 |
| Unconditional promises to give | 1,010,000 | - | 1,010,000 | - | 1,010,000 |
| Related-party receivable | - | 250,000 | 250,000 | (250,000) | - |
| Prepaid expenses | 142,660 | - | 142,660 | - | 142,660 |
| | 5,451,729 | 12,402,905 | 17,854,634 | (250,000) | 17,604,634 |
| OTHER ASSETS | | | | | |
| Cash and equivalents, restricted | - | 271,345 | 271,345 | - | 271,345 |
| Cash and equivalents, restricted in perpetuity | - | 7,139,067 | 7,139,067 | - | 7,139,067 |
| Unconditional promises to give, net of current and discount | 134,066 | 717,865 | 851,931 | - | 851,931 |
| Property and equipment, net | 21,514,303 | - | 21,514,303 | - | 21,514,303 |
| Land held for investment | - | 54,800 | 54,800 | - | 54,800 |
| Notes receivable | - | 11,883,127 | 11,883,127 | - | 11,883,127 |
| | 21,648,369 | 20,066,204 | 41,714,573 | - | 41,714,573 |
| | \$ 27,100,098 | \$ 32,469,109 | \$ 59,569,207 | \$ (250,000) | \$ 59,319,207 |
| LIABILITIES AND NET ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | \$ 159,123 | \$ - | \$ 159,123 | \$ - | \$ 159,123 |
| Accrued staffing expenses | 141,002 | - | 141,002 | - | 141,002 |
| Funds held on behalf of others | 90,725 | - | 90,725 | - | 90,725 |
| Related-party payable | 250,000 | - | 250,000 | (250,000) | - |
| Deferred revenue | 10,000 | - | 10,000 | - | 10,000 |
| | 650,850 | - | 650,850 | (250,000) | 400,850 |
| LONG-TERM LIABILITIES | | | | | |
| Notes payable, net of debt issuance costs | 16,000,181 | - | 16,000,181 | - | 16,000,181 |
| Total liabilities | 16,651,031 | - | 16,651,031 | (250,000) | 16,401,031 |
| NET ASSETS | | | | | |
| Without donor restrictions: | | | | | |
| Without donor restrictions | (13,158,035) | 20,705,802 | 7,547,767 | - | 7,547,767 |
| Without donor restrictions held in property and equipment | 18,614,664 | - | 18,614,664 | - | 18,614,664 |
| Board designated | - | 1,505,168 | 1,505,168 | - | 1,505,168 |
| | 5,456,629 | 22,210,970 | 27,667,599 | - | 27,667,599 |
| With donor restrictions: | | | | | |
| With donor restrictions | 2,092,799 | 10,258,139 | 12,350,938 | - | 12,350,938 |
| With donor restrictions held in property and equipment | 2,899,639 | - | 2,899,639 | - | 2,899,639 |
| | 4,992,438 | 10,258,139 | 15,250,577 | - | 15,250,577 |
| Total net assets | 10,449,067 | 32,469,109 | 42,918,176 | - | 42,918,176 |
| Total liabilities and net assets | \$ 27,100,098 | \$ 32,469,109 | \$ 59,569,207 | \$ (250,000) | \$ 59,319,207 |

See notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Boys & Girls Club of Southern Nevada | Boys & Girls Club of Las Vegas Foundation | Total Before Eliminations | Eliminating Entries | Consolidated |
|--|---|--|------------------------------|------------------------|---------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS | | | | | |
| Revenue, gains and other support: | | | | | |
| Contributions | \$ 2,159,559 | \$ 32,027 | \$ 2,191,586 | \$ - | \$ 2,191,586 |
| Federal grants | 3,366,596 | - | 3,366,596 | - | 3,366,596 |
| Other grants | 2,710,647 | - | 2,710,647 | - | 2,710,647 |
| Program fees, net | 419,724 | - | 419,724 | - | 419,724 |
| Net revenues from special events | 335,565 | - | 335,565 | - | 335,565 |
| In-kind donations | 271,317 | - | 271,317 | - | 271,317 |
| Rental income | 68,941 | 3,197 | 72,138 | - | 72,138 |
| Other income (loss) | (14,242,680) | 14,268,511 | 25,831 | - | 25,831 |
| Funds transfer | (4,813,499) | 4,813,499 | - | - | - |
| Gain on sale of property and equipment | 3,902 | - | 3,902 | - | 3,902 |
| Gain on sale of land held for investment | - | 74,750 | 74,750 | - | 74,750 |
| Net assets released from restrictions | 923,232 | 1,854,171 | 2,777,403 | - | 2,777,403 |
| | (8,796,696) | 21,046,155 | 12,249,459 | - | 12,249,459 |
| Expenses and losses: | | | | | |
| Program services | 7,435,983 | - | 7,435,983 | - | 7,435,983 |
| Supporting services: | | | | | |
| Fundraising | 423,845 | - | 423,845 | - | 423,845 |
| Management and general | 767,358 | 3,317 | 770,675 | - | 770,675 |
| | 8,627,186 | 3,317 | 8,630,503 | - | 8,630,503 |
| Investment (returns) losses, net | (34,408) | 4,001,672 | 3,967,264 | - | 3,967,264 |
| Unallocated payments to affiliated organizations | 39,855 | - | 39,855 | - | 39,855 |
| | 8,632,633 | 4,004,989 | 12,637,622 | - | 12,637,622 |
| Change in net assets without donor restrictions | (17,429,329) | 17,041,166 | (388,163) | - | (388,163) |
| NET ASSETS WITH DONOR RESTRICTIONS | | | | | |
| Contributions | 212,772 | 967,865 | 1,180,637 | - | 1,180,637 |
| Net assets released from restrictions | (923,232) | (1,854,171) | (2,777,403) | - | (2,777,403) |
| Change in net assets with donor restrictions | (710,460) | (886,306) | (1,596,766) | - | (1,596,766) |
| CHANGE IN NET ASSETS | (18,139,789) | 16,154,860 | (1,984,929) | - | (1,984,929) |
| NET ASSETS AT BEGINNING OF YEAR | 28,588,856 | 16,314,249 | 44,903,105 | - | 44,903,105 |
| NET ASSETS AT END OF YEAR | \$ 10,449,067 | \$ 32,469,109 | \$ 42,918,176 | \$ - | \$ 42,918,176 |

See notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Boys & Girls Club of Southern Nevada | Boys & Girls Club of Las Vegas Foundation | Total Before Eliminations | Eliminating Entries | Consolidated |
|--|---|--|------------------------------|------------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Change in net assets | \$ (18,139,789) | \$ 16,154,860 | \$ (1,984,929) | \$ - | \$ (1,984,929) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 1,221,048 | - | 1,221,048 | - | 1,221,048 |
| Change in discount to present value | (71,568) | 32,135 | (39,433) | - | (39,433) |
| Donated property and equipment | (140,000) | - | (140,000) | - | (140,000) |
| Realized/unrealized (gain) loss on investments | (1,964) | 4,075,282 | 4,073,318 | - | 4,073,318 |
| Gain on disposal of property and equipment | (3,902) | - | (3,902) | - | (3,902) |
| Gain on disposal of land held for investment | - | (74,750) | (74,750) | - | (74,750) |
| Contributions restricted for long-term purposes | - | (810,000) | (810,000) | - | (810,000) |
| (Increase) decrease in operating assets: | | | | | |
| Grants receivable | (1,032,495) | - | (1,032,495) | - | (1,032,495) |
| Unconditional promises to give | 1,010,000 | (750,000) | 260,000 | - | 260,000 |
| Related-party receivable | - | (980,000) | (980,000) | 980,000 | - |
| Prepaid expenses | (61,846) | - | (61,846) | - | (61,846) |
| Increase (decrease) in operating liabilities: | | | | | |
| Accounts payable | (69,638) | - | (69,638) | - | (69,638) |
| Accrued staffing expenses | (166,860) | - | (166,860) | - | (166,860) |
| Funds held on behalf of others | (683,677) | - | (683,677) | - | (683,677) |
| Related-party payable | 980,000 | - | 980,000 | (980,000) | - |
| Deferred revenue | (5,090) | - | (5,090) | - | (5,090) |
| Net cash provided by (used in) operating activities | (17,165,781) | 17,647,527 | 481,746 | - | 481,746 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sales of investments | 1,455,945 | 24,968,859 | 26,424,804 | - | 26,424,804 |
| Purchases of investments | - | (12,385,185) | (12,385,185) | - | (12,385,185) |
| Purchases of property and equipment | (1,421,898) | - | (1,421,898) | - | (1,421,898) |
| Proceeds from sale of property and equipment | 3,902 | - | 3,902 | - | 3,902 |
| Proceeds from sale of land held for investment | - | 158,750 | 158,750 | - | 158,750 |
| Issuance of notes receivable | - | (11,883,127) | (11,883,127) | - | (11,883,127) |
| Net cash provided by investing activities | 37,949 | 859,297 | 897,246 | - | 897,246 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Contributions restricted for long-term purposes | - | 810,000 | 810,000 | - | 810,000 |
| Proceeds from notes payable | 16,000,181 | - | 16,000,181 | - | 16,000,181 |
| Net cash provided by financing activities | 16,000,181 | 810,000 | 16,810,181 | - | 16,810,181 |
| CHANGE IN CASH AND EQUIVALENTS | (1,127,651) | 19,316,824 | 18,189,173 | - | 18,189,173 |
| CASH AND EQUIVALENTS, BEGINNING OF YEAR | 3,719,565 | 210,274 | 3,929,839 | - | 3,929,839 |
| CASH AND EQUIVALENTS, END OF YEAR | \$ 2,591,914 | \$ 19,527,098 | \$ 22,119,012 | \$ - | \$ 22,119,012 |
| SUMMARY OF CASH ACCOUNTS | | | | | |
| Cash and equivalents | \$ 1,643,181 | \$ 9,986,824 | \$ 11,630,005 | \$ - | \$ 11,630,005 |
| Cash and equivalents, restricted | 948,733 | 2,129,862 | 3,078,595 | - | 3,078,595 |
| Cash and equivalents, restricted, long-term | - | 271,345 | 271,345 | - | 271,345 |
| Cash and equivalents, restricted in perpetuity | - | 7,139,067 | 7,139,067 | - | 7,139,067 |
| | \$ 2,591,914 | \$ 19,527,098 | \$ 22,119,012 | \$ - | \$ 22,119,012 |
| SUPPLEMENTAL DISCLOSURES: | | | | | |
| Income taxes paid | \$ 1,579 | \$ 3,317 | \$ 4,896 | \$ - | \$ 4,896 |

See notes to consolidated financial statements.

**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 & Girls Clubs of Southern Nevada
Las Vegas, Nevada

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 consolidated financial statements of the Boys & Girls Clubs of Southern Nevada (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (financial statements), and have issued our report thereon dated June 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Boys & Girls Clubs of Southern Nevada’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Clubs of Southern Nevada’s (the Organization) internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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



The Organization's Response to Findings

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

Purpose of this Report

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

Howdsworth, Russo & Company, P.C.

Las Vegas, Nevada
June 17, 2021

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

To the Board of Directors
Boys & Girls Clubs of Southern Nevada
Las Vegas, Nevada

Report on Compliance for Each Major Federal Program

We have audited Boys & Girls Clubs of Southern Nevada’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boys & Girls Clubs of Southern Nevada’s major federal programs for the year ended December 31, 2020. Boys & Girls Clubs of Southern Nevada’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 Boys & Girls Clubs of Southern Nevada’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 Boys & Girls Clubs of Southern Nevada’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 Boys & Girls Clubs of Southern Nevada’s compliance.

Opinion on Each Major Federal Programs

In our opinion, Boys & Girls Clubs of Southern Nevada 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 December 31, 2020.



Report on Internal Control Over Compliance

Management of Boys & Girls Clubs of Southern Nevada 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 Boys & Girls Clubs of Southern Nevada'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 Boys & Girls Clubs of Southern Nevada's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Howdsworth, Russo & Company, P.C.

Las Vegas, Nevada
June 17, 2021

**BOYS GIRLS CLUBS OF SOUTHERN NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| Grantor Agency | Program Title | Federal CFDA Number | Pass-Through Grantor Number | Expenditures |
|---|--|---------------------------|--------------------------------|----------------------------|
| Passed through City of North Las Vegas: | | | | |
| U.S. Department of Housing and Urban Development | Community Development Block Grants/Entitlement Grants Cluster | 14.218 | | \$ 35,267 |
| Passed through City of Henderson: | | | | |
| U.S. Department of Housing and Urban Development | Community Development Block Grants/Entitlement Grants Cluster | 14.218 | | <u>4,679</u> |
| U.S. Department of Housing and Urban Development Total | | | | 39,946 |
| Passed through the State of Nevada with Urban League as the fiscal agent: | | | | |
| U.S. Department of Health and Human Services | Child Care and Development Fund Cluster | 93.575 | | 1,436,851 |
| | COVID-19 Child Care and Development Fund Cluster | 93.575 | | <u>168,540</u> |
| U.S. Department of Health and Human Services Total | | | | 1,605,391 |
| Passed through the Boys & Girls Clubs of America: | | | | |
| U.S. Department of Justice | Juvenile Mentoring Program | 16.726 | OJP 2019-47626 | 11,924 |
| | | 16.726 | OJP 2019-47627 | 11,031 |
| | | 16.726 | OJP 2018-44123 | <u>1,111</u> |
| | | | | 24,066 |
| Passed through Clark County: | | | | |
| U.S. Department of Justice | Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2017-DJ-BX-0400 | 1,513 |
| | | 16.738 | 2018-DJ.BX.0468 | <u>9,228</u> |
| | | | | 10,741 |
| U.S. Department of Justice Total | | | | 34,807 |
| Passed through Clark County, Nevada: | | | | |
| U.S. Department of the Treasury | COVID-19 Coronavirus Relief Fund - Basic Needs Assistance | 21.019 | | <u>1,511,954</u> |
| U.S. Department of the Treasury Total | | | | 1,511,954 |
| Passed through the State of Nevada Department of Health and Human Services: | | | | |
| U.S. Department of Agriculture | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Cluster | 10.561 | | <u>174,498</u> |
| U.S. Department of Agriculture Total | | | | <u>174,498</u> |
| | | | | <u><u>\$ 3,366,596</u></u> |

See notes to schedule of expenditures of federal awards.

BOYS AND GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Boys & Girls Clubs of Southern Nevada, under programs of the federal government for the year ended December 31, 2020 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). The schedule presents only a selected portion of the operations of the Boys & Girls Clubs of Southern Nevada. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards 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 allowed or are limited as to reimbursement. Boys & Girls Clubs of Southern Nevada has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

NOTE 3. PASS-THROUGH AWARDS

Boys & Girls Clubs of Southern Nevada received certain federal financial assistance from pass-through awards of the pass-through entities listed on the schedule of expenditures of federal awards. There were no awards passed through to subrecipients.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Boys & Girls Clubs of Southern Nevada.
2. No instances of material weaknesses and one instance of a significant deficiency related to the audit of the consolidated financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. No instances of noncompliance material to the consolidated financial statements of Boys & Girls Clubs of Southern Nevada, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. No instances of significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for each major federal program for Boys & Girls Clubs of Southern Nevada expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The program tested as a major program was the U.S. Department of Treasury Coronavirus Relief Fund, CFDA number 21.019.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Boys & Girls Clubs of Southern Nevada does qualify as a low-risk auditee.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2020

FINDINGS AND QUESTIONED COSTS - FINANCIAL STATEMENT AUDIT

2020-001 Timely Reconciliations and Reviews

Criteria: A system of internal controls that ensures accounting records are updated timely and accurately is required to be designed and implemented.

Condition: During the year ended December 31, 2020, during periods of turnover/absence of an individual in the Chief Financial Officer (CFO) role, bank reconciliations, other schedules, journal entries, credit card charges of certain members of upper management, and monitoring controls over Clubhouse attendance were not performed and/or reviewed by appropriate personnel in a timely manner.

Cause: Internal controls over bank reconciliations, other schedules, journal entries, credit card charges, and monitoring controls were not consistently implemented and performed in a timely manner during the year ended December 31, 2020.

Effect: Without consistent controls over timely reconciliations, reviews, and monitoring, management and the Board of Directors could be presented with/rely upon inaccurate accounting and other records used to make decisions affecting the Organization and unauthorized expenditures may not be discovered in a timely manner.

Recommendations: We recommend that management redesign (as needed) and implement a system of internal controls whereby all bank reconciliations, other schedules, and journal entries are prepared, reviewed, and approved by appropriate members of management in a timely manner. Additionally, we recommend that high-level monitoring controls over Clubhouse attendance previously performed by the CFO be reinstated and that all credit card charges by members of upper management be reviewed with approval documented by an appropriate member of management or the Board of Directors.

Views of responsible officials and planned corrective actions: Management has implemented the following system of internal controls: All bank reconciliations, other schedules and journal entries for a month are completed by the 15th calendar day of the following month. The CFO and/or external financial consultant will review all reconciliations and journal entries along with supporting documentation within the next calendar day while preparing the financial statement package for management and Board of Directors. Included in the monthly review of accounting records, one of the CFO/external financial consultant, Jaime Weller-Lafavor (COO), or Andrew Bischel (CEO) will review and approve monthly credit card statements and monthly clubhouse cash reconciliations. Once the CFO/external financial consultant has finished their review and preparation of the financial statement package, the financial statement package will be submitted to the COO and CEO, for approval from both. Once approved, the CEO will send the financial statements to the Finance Committee for review and approval. Financial statements should be issued to the Finance Committee no later than the 20th calendar day of the following month. Most recent financial statements will also be presented to the Board of Directors when meetings are held. In addition, monthly individual clubhouse income statements will be prepared by the CFO/external financial consultant and review individual clubhouse income statements with clubhouse management.

Anticipated completion date: June 30, 2021

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2020**

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2020**

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

None.

PRIOR YEAR FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.