

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

HRC

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA

DECEMBER 31, 2021

Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF ACTIVITIES	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENT OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8-25
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	26
CONSOLIDATING STATEMENT OF ACTIVITIES	27
CONSOLIDATING STATEMENT OF CASH FLOWS	28
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 <i>GOVERNMENT AUDITING STANDARDS</i>	29-30
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	31-33
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	34
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	36-37
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	38-39

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Boys & Girls Clubs of Southern Nevada as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Boys & Girls Clubs of Southern Nevada and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated 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, and for 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.

In preparing these consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Boys & Girls Clubs of Southern Nevada's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Boys & Girls Clubs of Southern Nevada's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Boys & Girls Clubs of Southern Nevada's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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* (Uniform Guidance) and Title 45 U.S. *Code of Federal Regulations* Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* and the consolidating information as of and for the year ended December 31, 2021, on pages 26 through 28, 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 schedule of expenditures of federal awards 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 14, 2022, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Boys & Girls Clubs of Southern Nevada's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boys & Girls Clubs of Southern Nevada's internal control over financial reporting and compliance.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
June 14, 2022

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS	
Cash and equivalents	\$ 8,510,261
Cash and equivalents, with donor restrictions	1,228,551
Investments	5,534,819
Investments, with donor restrictions	2,564,811
Grants receivable	1,784,136
Unconditional promises to give	60,000
Prepaid expenses	192,401
	19,874,979
OTHER ASSETS	
Investments, restricted for long-term purposes	226,122
Unconditional promises to give, net of current and discount	639,557
Property and equipment, net	20,424,019
Land held for investment	48,000
Investments, with donor restrictions, perpetual	7,413,723
Notes receivable	12,736,005
	\$ 61,362,405

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 249,226
Accrued staffing expenses	135,752
Funds held on behalf of others	159,931
Deferred revenue	15,000
	559,909
LONG-TERM LIABILITIES	
Notes payable, net of debt issuance costs	16,075,400
	16,635,309
NET ASSETS	
Without donor restrictions:	
Without donor restrictions	10,538,031
Without donor restrictions held in property and equipment	17,730,317
Board designated	1,632,282
	29,900,630
With donor restrictions:	
With donor restrictions	12,132,764
With donor restrictions held in property and equipment	2,693,702
	14,826,466
Total net assets	44,727,096
Total liabilities and net assets	\$ 61,362,405

See notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue, gains and other support:

Contributions		\$	2,015,304
Federal grants			2,921,752
Other grants			3,990,293
Program fees, net			628,994
Special event revenue	\$	145,032	
Less: costs of direct benefits to donors		<u>(33,754)</u>	
Net revenues from special events			111,278
In-kind donations			134,959
Investment return, net			555,963
Rental income			98,983
Other income			310
Net assets released from restrictions			<u>1,367,219</u>

11,825,055

Expenses and losses:

Program services			7,937,254
Supporting services:			
Fundraising			663,673
Management and general			<u>929,099</u>
			9,530,026

Loss on sale of property and equipment			17,160
Loss on sale of land held for investment			3,377
Unallocated payments to affiliated organizations			<u>41,461</u>

9,592,024

Change in net assets without donor restrictions

2,233,031

NET ASSETS WITH DONOR RESTRICTIONS

Contributions			254,056
Investment return, net			689,052
Net assets released from restrictions			<u>(1,367,219)</u>
Change in net assets with donor restrictions			<u>(424,111)</u>

CHANGE IN NET ASSETS

1,808,920

NET ASSETS, BEGINNING OF YEAR

42,918,176

NET ASSETS, END OF YEAR

\$ 44,727,096

See notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Fundraising	Management and General	Direct Benefits to Donors	Total
Salaries and wages	\$ 3,956,967	\$ 278,125	\$ 492,986	\$ -	\$ 4,728,078
Payroll taxes and related	318,580	22,392	39,691	-	380,663
Employee benefits	237,285	16,678	29,563	-	283,526
Bank and credit card fees	24,505	138,021	-	-	162,526
College scholarships	52,287	-	-	-	52,287
Computer and technology	257,779	18,119	32,115	-	308,013
Conferences and training	5,036	354	628	-	6,018
Contract labor	13,939	-	-	-	13,939
Depreciation	1,416,773	9,622	18,177	-	1,444,572
Dues and subscriptions	1,127	150	10,042	-	11,319
Food	9,842	-	-	-	9,842
Income taxes	-	-	4,721	-	4,721
Insurance	184,745	557	14,467	-	199,769
Interest	-	75,219	-	-	75,219
Meals and entertainment	5,768	2,382	1,940	-	10,090
Other	4,383	77,844	52	6,643	88,922
Postage	126	257	973	-	1,356
Printing and copying	19,613	6,014	6,361	-	31,988
Professional services	33,084	2,325	248,874	-	284,283
Program services	351,543	-	-	-	351,543
Rent	16,500	-	-	19,852	36,352
Repairs and maintenance	452,641	3,074	5,807	-	461,522
Summer camp fees	37,121	-	-	-	37,121
Supplies	42,856	3,012	5,339	7,259	58,466
Telephone and internet	104,526	7,347	13,022	-	124,895
Transportation and travel	7,384	71	355	-	7,810
Utilities	310,722	2,110	3,986	-	316,818
Vehicle	72,122	-	-	-	72,122
	<u>7,937,254</u>	<u>663,673</u>	<u>929,099</u>	<u>33,754</u>	<u>9,563,780</u>
Less: costs of direct benefits to donors	-	-	-	(33,754)	(33,754)
Total expenses	<u>\$ 7,937,254</u>	<u>\$ 663,673</u>	<u>\$ 929,099</u>	<u>\$ -</u>	<u>\$ 9,530,026</u>

See notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,808,920
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,444,572
Amortization of debt issuance costs (interest)	75,219
Change in discount to present value	(47,626)
Realized/unrealized gain on investments	(1,087,837)
Loss on sale of property and equipment	17,160
Loss on sale of land held for investment	3,377
(Increase) decrease in operating assets:	
Grants receivable	(269,506)
Unconditional promises to give	1,210,000
Prepaid expenses	(49,741)
Increase (decrease) in operating liabilities:	
Accounts payable	90,103
Accrued staffing expenses	(5,250)
Funds held on behalf of others	69,206
Deferred revenue	5,000
	<hr/>
Net cash provided by operating activities	3,263,597
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	425,425
Purchases of investments	(14,848,319)
Purchases of property and equipment	(373,232)
Proceeds from sale of property and equipment	1,784
Proceeds from sale of land held for investment	3,423
Issuance of notes receivable	(852,878)
	<hr/>
Net cash used in investing activities	(15,643,797)
CHANGE IN CASH AND EQUIVALENTS	(12,380,200)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	22,119,012
	<hr/>
CASH AND EQUIVALENTS, END OF YEAR	\$ 9,738,812
	<hr/> <hr/>
SUMMARY OF CASH ACCOUNTS	
Cash and equivalents	\$ 8,510,261
Cash and equivalents, with donor restrictions	1,228,551
	<hr/>
	\$ 9,738,812
	<hr/> <hr/>
SUPPLEMENTAL DISCLOSURES:	
Income taxes paid	\$ 4,721
	<hr/> <hr/>

See notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 Southern Nevada 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 Southern Nevada Foundation, Inc. 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 Southern Nevada Foundation, Inc. (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 Southern Nevada Foundation, Inc. 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, 2021

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, 2021.

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. There was no allowance recognized as of December 31, 2021.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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, 2021 were \$397,938.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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, 2021 consist of \$25,000 for garbage collection, allocated among the program and supporting services benefited and \$100,000 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 \$63,552 for the year ended December 31, 2021, 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. 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, interest, postage, printing and copying, program services, rent, summer camp fees, 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: computer and technology, 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: insurance, meals and entertainment, other, and professional services.

Subsequent Events

Subsequent events have been evaluated through June 14, 2022 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, 2021

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, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Cash and equivalents	\$ 9,738,812
Investments	15,538,962
Grants receivable	1,784,136
Unconditional promises to give	<u>699,557</u>
 Total financial assets	 27,761,467
 Less:	
Amounts unavailable for general expenditures within one year, due to:	
Unconditional promises to give, in-kind rent	(10,000)
Unconditional promises to give, noncurrent	(639,557)
Funds held on behalf of others	(159,931)
Restricted by donors for long-term purposes	(226,122)
Restricted by donors in perpetuity	<u>(7,413,723)</u>
 Total amounts unavailable for general expenditures within one year	 (8,449,333)
 Amounts unavailable to management without Boards Finance Committee's or Foundation Board's approval:	
General endowment	(7,775,070)
Endowment funds with purpose restriction	(2,545,434)
Board-designated emergency funds	(1,415,766)
Board-designated repair and maintenance fund	<u>(216,516)</u>
 Total amounts unavailable to management without Boards Finance Committee's or Foundation Board's approval	 <u>(11,952,786)</u>
 Total financial assets available to management for general expenditure within one year	 <u>\$ 7,359,348</u>

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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.

Investments consist of the following as of December 31, 2021:

	<u>Fair Value</u>
Public equity securities	\$ 11,207,536
Fixed income securities	3,711,093
Mutual funds	619,333
Privately held stock	200,513
Real estate investment trusts	1,000
	<u>\$ 15,739,475</u>

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, 2021

NOTE 3. INVESTMENTS AND FAIR VALUE (CONTINUED)

The Organization holds land for investment. As of December 31, 2021, this land is recorded at its fair value on the date of donation totaling \$48,000.

Except for the land listed above, the Organization's only assets valued on a recurring basis at fair value are its investments. The Organization's investments at December 31, 2021 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Public equity securities	\$ 11,207,536	\$ -	\$ -	\$ 11,207,536
Fixed income securities	3,711,093	-	-	3,711,093
Mutual funds	619,333	-	-	619,333
Privately held stock	-	-	200,513	200,513
Real estate investment trusts	-	1,000	-	1,000
	<u>15,537,962</u>	<u>1,000</u>	<u>200,513</u>	<u>15,739,475</u>
Land held for investment	-	-	-	48,000
Total investments	<u>\$ 15,537,962</u>	<u>\$ 1,000</u>	<u>\$ 200,513</u>	<u>\$ 15,787,475</u>

NOTE 4. ENDOWMENT FUND

As of December 31, 2021, 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.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 4. ENDOWMENT FUND (CONTINUED)

- 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.
- 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. 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 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, will have an initial corpus amount of \$1,400,000 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 for \$1,000,000 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, 2021:

Cash and equivalents	\$ 4,054,667
Investments	<u>15,560,567</u>
	<u>\$ 19,615,234</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, 2021

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, 2021.

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, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,632,282	\$ -	\$ 1,632,282
Donor restricted endowment funds, perpetual in duration-original gift amount	-	7,413,723	7,413,723
Donor restricted endowment funds			
Repairs and maintenance	-	1,591,245	1,591,245
Program	-	435,177	435,177
Scholarships	-	336,291	336,291
Las Vegas Sun Summer Camp Fund	-	431,446	431,446
General endowment	7,775,070	-	7,775,070
	\$ 9,407,352	\$ 10,207,882	\$ 19,615,234

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 4. ENDOWMENT FUND (CONTINUED)

Changes in endowment net assets for the year ended December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 8,156,520	\$ 9,268,830	\$ 17,425,350
Investment income, net	555,245	689,052	1,244,297
Transfers	-	250,000	250,000
Contributions	<u>695,587</u>	<u>-</u>	<u>695,587</u>
Endowment net assets, end of year	<u>\$ 9,407,352</u>	<u>\$ 10,207,882</u>	<u>\$ 19,615,234</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 all of 2021. The Organization repurchased the majority of its holdings in investments during the year ended December 31, 2021 in order to meet its asset allocation requirements.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 5. BOARD DESIGNATED NET ASSETS

The Board of Directors has designated \$1,415,766 for an emergency fund available for operations and \$216,516 for repairs and maintenance at the Kish, Lied, Southern Highlands and James clubhouses, for a total of \$1,632,282.

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, 2021.

Unconditional promises to give consist of the following at December 31, 2021:

Current receivable balance	\$ 60,000
Long-term receivable balance, net of discount	<u>639,557</u>
Net receivable balance	<u>\$ 699,557</u>

Expected collections of unconditional promises to give are as follows at December 31, 2021:

Gross receivable due in less than one year	\$ 227,000
Gross receivable due in one to five years	383,000
Gross receivable due in more than five years	<u>660,000</u>
	1,270,000
Less: discounts to net present value	<u>(570,443)</u>
	<u>\$ 699,557</u>

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021:

Land	\$ 1,583,934
Buildings and improvements	33,570,166
Furniture and equipment	2,728,726
Vehicles	<u>508,257</u>
	38,391,083
Less: accumulated depreciation	<u>(17,967,064)</u>
	<u>\$ 20,424,019</u>

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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 \$12,736,005 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, 2021, this note receivable is expected to be fully collectible.

NOTE 9. NOTES PAYABLE

As of December 31, 2021, 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>1,571,659</u>
Long-term notes payable	<u>\$ 16,075,400</u>

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 9. NOTES PAYABLE (CONTINUED)

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

2022	\$	-
2023		-
2024		-
2025		-
2026		-
Thereafter		<u>17,647,059</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, 2021:

Subject to expenditure for a specified purpose:		
Windsong Educational and Teen Programming	\$	427,873
Capacity building grant		258,429
Engelstad Family Foundation - Great Futures Start Here program		211,000
Workforce Development programming		120,975
Panda Cares academic success		103,742
Youth of the Year program		36,770
Esports		32,000
Social Justice & Leadership Work		28,570
Bicycles		3,966
Sports Matter		<u>2,000</u>
Total subject to expenditure for specified purpose		1,225,325
Subject to passage of time:		
Restricted use of building		2,557,045
Andre Agassi Foundation – endowment		485,607
Unconditional promise to give – land lease		163,950
Unconditional promise to give		<u>50,000</u>
Total subject to passage of time		3,256,602
Perpetual in nature:		
Southern Highlands land		136,657

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Endowments:

Subject to endowment spending policy and appropriation:

Donald W. Reynolds Club repairs and maintenance	549,496
Las Vegas Sun Summer Camp Fund	431,446
Restricted fund for programs and operations - Donald W. Reynolds Club	413,722
Ralph and Betty Engelstad Club repairs and maintenance	385,778
Engelstad Family Foundation repairs and maintenance for all clubhouses	327,160
Engelstad Family Foundation scholarship fund	284,427
Clubhouse repairs and maintenance	277,231
John C. Kish Memorial scholarship fund	51,864
Jackie Gaughan Club repairs and maintenance	51,580
Alden music programming	13,672
Brigitte Kirvin Downtown Clubhouse Youth of the Year Award Fund	<u>7,783</u>

Total subject to endowment spending policy and appropriation	2,794,159
--	-----------

Endowments:

Investment in perpetuity:

General endowment	1,709,600
Engelstad Family Foundation scholarship fund	1,500,000
Engelstad Family Foundation repairs and maintenance for all clubhouses	1,400,000
Ralph and Betty Engelstad Club repairs and maintenance	1,000,000
Donald W. Reynolds Club repairs and maintenance	904,467
Andre Agassi Foundation repairs and maintenance	524,656
Jackie Gaughan Club repairs and maintenance	300,000
John C. Kish Memorial scholarship fund	<u>75,000</u>

Total endowments investment in perpetuity	<u>7,413,723</u>
---	------------------

Total net assets with donor restrictions	<u>\$ 14,826,466</u>
--	----------------------

Net assets with donor restrictions consist of the following at December 31, 2021:

Cash and equivalents, current	\$ 1,228,551
Investments	2,564,811
Investments, long-term	226,122
Investments, perpetual	7,413,723
Unconditional promises to give	699,557
Property and equipment	<u>2,693,702</u>

	<u>\$ 14,826,466</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, 2021

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 2021 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, 2021:

Satisfaction of purpose restrictions:	
Engelstad Family Foundation - Great Futures Start Here programs	\$ 768,975
Capacity building grant	152,074
Windsong Educational and Teen Programming	150,745
Facility renovation projects	50,000
Distance learning	30,000
Workforce Development programming	7,347
Art supplies	<u>2,000</u>
	1,161,141
Satisfaction of time restrictions:	
Restricted use of building	205,937
Unconditional promise to give – land lease	<u>141</u>
	206,078
Total net assets released from restrictions	<u>\$ 1,367,219</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, 2021, \$1,352,135 was due from one government entity, representing 76% of the total grants receivable balance.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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 \$32,042 for the year ended December 31, 2021.

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, 2021, rent expense in the amount of \$6,500 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, 2021, rent expense in the amount of \$10,000 was recognized.

The Organization entered into a new five year lease for copier equipment in April 2020 which expires in April 2025 with monthly payments of \$1,813. Total rent expense under this lease was \$21,756 for the year ended December 31, 2021.

Future minimum lease payments as of December 31, 2021 are as follows:

2022	\$	21,756
2023		21,756
2024		21,756
2025		<u>7,252</u>
	<u>\$</u>	<u>72,520</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 Secured Overnight Financing Rate (SOFR) plus 206 basis points. There was no outstanding balance on the line of credit at December 31, 2021.

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, 2021.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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, 2021, the Organization paid \$24,807 in dues. The Organization received \$29,985 in donations and \$135,000 in grants passed through their national affiliate for the year ended December 31, 2021.

NOTE 17. PAYCHECK PROTECTION PROGRAM LOAN

On January 25, 2021, 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 \$970,975 (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of five 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 1.00% per annum, payable monthly commencing on August 1, 2021. Principal and interest payments will be required through the maturity date January 25, 2026. 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, 2021 as all conditions were substantially met. The Organization's PPP Loan was forgiven by the SBA in 2022.

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 \$544,073 for the year ended December 31, 2021.

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.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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 agreed 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 had 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.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	Boys & Girls Club of Southern Nevada	Boys & Girls Clubs of Southern Nevada Foundation, Inc.	Total Before Eliminations	Eliminating Entries	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and equivalents	\$ 2,181,735	\$ 6,328,526	\$ 8,510,261	\$ -	\$ 8,510,261
Cash and equivalents, restricted	1,225,326	3,225	1,228,551	-	1,228,551
Investments	178,909	5,355,910	5,534,819	-	5,534,819
Investments, with donor restrictions	-	2,564,811	2,564,811	-	2,564,811
Grants receivable	1,784,136	-	1,784,136	-	1,784,136
Unconditional promises to give	60,000	-	60,000	-	60,000
Related-party receivable	-	500,000	500,000	(500,000)	-
Prepaid expenses	192,401	-	192,401	-	192,401
	<u>5,622,507</u>	<u>14,752,472</u>	<u>20,374,979</u>	<u>(500,000)</u>	<u>19,874,979</u>
OTHER ASSETS					
Investments, restricted for long-term purposes	-	226,122	226,122	-	226,122
Unconditional promises to give, net of current and discount	153,950	485,607	639,557	-	639,557
Property and equipment, net	20,424,019	-	20,424,019	-	20,424,019
Land held for investment	-	48,000	48,000	-	48,000
Investments, with donor restrictions, perpetual	-	7,413,723	7,413,723	-	7,413,723
Notes receivable	-	12,736,005	12,736,005	-	12,736,005
	<u>20,577,969</u>	<u>20,909,457</u>	<u>41,487,426</u>	<u>-</u>	<u>41,487,426</u>
	<u>\$ 26,200,476</u>	<u>\$ 35,661,929</u>	<u>\$ 61,862,405</u>	<u>\$ (500,000)</u>	<u>\$ 61,362,405</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 249,226	\$ -	\$ 249,226	\$ -	\$ 249,226
Accrued staffing expenses	135,752	-	135,752	-	135,752
Funds held on behalf of others	159,931	-	159,931	-	159,931
Related-party payable	500,000	-	500,000	(500,000)	-
Deferred revenue	15,000	-	15,000	-	15,000
	<u>1,059,909</u>	<u>-</u>	<u>1,059,909</u>	<u>(500,000)</u>	<u>559,909</u>
LONG-TERM LIABILITIES					
Notes payable, net of debt issuance costs	16,075,400	-	16,075,400	-	16,075,400
Total liabilities	<u>17,135,309</u>	<u>-</u>	<u>17,135,309</u>	<u>(500,000)</u>	<u>16,635,309</u>
NET ASSETS					
Without donor restrictions:					
Without donor restrictions	(12,798,127)	23,336,158	10,538,031	-	10,538,031
Without donor restrictions held in property and equipment	17,730,317	-	17,730,317	-	17,730,317
Board designated	-	1,632,282	1,632,282	-	1,632,282
	<u>4,932,190</u>	<u>24,968,440</u>	<u>29,900,630</u>	<u>-</u>	<u>29,900,630</u>
With donor restrictions:					
With donor restrictions	1,439,275	10,693,489	12,132,764	-	12,132,764
With donor restrictions held in property and equipment	2,693,702	-	2,693,702	-	2,693,702
	<u>4,132,977</u>	<u>10,693,489</u>	<u>14,826,466</u>	<u>-</u>	<u>14,826,466</u>
Total net assets	<u>9,065,167</u>	<u>35,661,929</u>	<u>44,727,096</u>	<u>-</u>	<u>44,727,096</u>
Total liabilities and net assets	<u>\$ 26,200,476</u>	<u>\$ 35,661,929</u>	<u>\$ 61,862,405</u>	<u>\$ (500,000)</u>	<u>\$ 61,362,405</u>

See notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Boys & Girls Club of Southern Nevada	Boys & Girls Clubs of Southern Nevada Foundation, Inc.	Total Before Eliminations	Eliminating Entries	Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenue, gains and other support:					
Contributions	\$ 650,201	\$ 1,365,103	\$ 2,015,304	\$ -	\$ 2,015,304
Federal grants	2,921,752	-	2,921,752	-	2,921,752
Other grants	3,990,293	-	3,990,293	-	3,990,293
Program fees, net	628,994	-	628,994	-	628,994
Net revenues from special events	111,278	-	111,278	-	111,278
In-kind donations	134,959	-	134,959	-	134,959
Investment return, net	2,104	553,859	555,963	-	555,963
Rental income	99,514	(531)	98,983	-	98,983
Other income	310	163,208	163,518	(163,208)	310
Funds transfer	(433,600)	433,600	-	-	-
Net assets released from restrictions	1,367,219	-	1,367,219	-	1,367,219
	9,473,024	2,515,239	11,988,263	(163,208)	11,825,055
Expenses and losses:					
Program services	7,914,549	22,705	7,937,254	-	7,937,254
Supporting services:					
Fundraising	826,881	-	826,881	(163,208)	663,673
Management and general	925,968	3,131	929,099	-	929,099
	9,667,398	25,836	9,693,234	(163,208)	9,530,026
Loss on sale of property and equipment	17,160	-	17,160	-	17,160
Loss on sale of land held for investment	-	3,377	3,377	-	3,377
Unallocated payments to affiliated organizations	41,461	-	41,461	-	41,461
	9,726,019	29,213	9,755,232	(163,208)	9,592,024
Change in net assets without donor restrictions	(252,995)	2,486,026	2,233,031	-	2,233,031
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	236,314	17,742	254,056	-	254,056
Investment return, net	-	689,052	689,052	-	689,052
Net assets released from restrictions	(1,367,219)	-	(1,367,219)	-	(1,367,219)
Change in net assets with donor restrictions	(1,130,905)	706,794	(424,111)	-	(424,111)
CHANGE IN NET ASSETS	(1,383,900)	3,192,820	1,808,920	-	1,808,920
NET ASSETS AT BEGINNING OF YEAR	10,449,067	32,469,109	42,918,176	-	42,918,176
NET ASSETS AT END OF YEAR	\$ 9,065,167	\$ 35,661,929	\$ 44,727,096	\$ -	\$ 44,727,096

See notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Boys & Girls Club of Southern Nevada	Boys & Girls Clubs of Southern Nevada Foundation, Inc.	Total Before Eliminations	Eliminating Entries	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ (1,383,900)	\$ 3,192,820	\$ 1,808,920	\$ -	\$ 1,808,920
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	1,444,572	-	1,444,572	-	1,444,572
Amortization of debt issuance costs	75,219	-	75,219	-	75,219
Change in discount to present value	(29,884)	(17,742)	(47,626)	-	(47,626)
Realized/unrealized gain on investments	13,616	(1,101,453)	(1,087,837)	-	(1,087,837)
Loss on sale of property and equipment	17,160	-	17,160	-	17,160
Loss on sale of land held for investment	-	3,377	3,377	-	3,377
(Increase) decrease in operating assets:					
Grants receivable	(269,506)	-	(269,506)	-	(269,506)
Unconditional promises to give	960,000	250,000	1,210,000	-	1,210,000
Related-party receivable	-	(250,000)	(250,000)	250,000	-
Prepaid expenses	(49,741)	-	(49,741)	-	(49,741)
Increase (decrease) in operating liabilities:					
Accounts payable	90,103	-	90,103	-	90,103
Accrued staffing expenses	(5,250)	-	(5,250)	-	(5,250)
Funds held on behalf of others	69,206	-	69,206	-	69,206
Related-party payable	250,000	-	250,000	(250,000)	-
Deferred revenue	5,000	-	5,000	-	5,000
Net cash provided by operating activities	1,186,595	2,077,002	3,263,597	-	3,263,597
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales of investments	-	425,425	425,425	-	425,425
Purchases of investments	-	(14,848,319)	(14,848,319)	-	(14,848,319)
Purchases of property and equipment	(373,232)	-	(373,232)	-	(373,232)
Proceeds from sale of property and equipment	1,784	-	1,784	-	1,784
Proceeds from sale of land held for investment	-	3,423	3,423	-	3,423
Issuance of notes receivable	-	(852,878)	(852,878)	-	(852,878)
Net cash used in investing activities	(371,448)	(15,272,349)	(15,643,797)	-	(15,643,797)
CHANGE IN CASH AND EQUIVALENTS	815,147	(13,195,347)	(12,380,200)	-	(12,380,200)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	2,591,914	19,527,098	22,119,012	-	22,119,012
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 3,407,061</u>	<u>\$ 6,331,751</u>	<u>\$ 9,738,812</u>	<u>\$ -</u>	<u>\$ 9,738,812</u>
SUMMARY OF CASH ACCOUNTS					
Cash and equivalents	\$ 2,181,735	\$ 6,328,526	\$ 8,510,261	\$ -	\$ 8,510,261
Cash and equivalents, with donor restrictions	1,225,326	3,225	1,228,551	-	1,228,551
	<u>\$ 3,407,061</u>	<u>\$ 6,331,751</u>	<u>\$ 9,738,812</u>	<u>\$ -</u>	<u>\$ 9,738,812</u>
SUPPLEMENTAL DISCLOSURES:					
Income taxes paid	<u>\$ 1,404</u>	<u>\$ 3,317</u>	<u>\$ 4,721</u>	<u>\$ -</u>	<u>\$ 4,721</u>

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, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (financial statements), and have issued our report thereon dated June 14, 2022.

Report on 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) as a basis for designing 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 identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’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

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and 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 the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
June 14, 2022

**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

Opinion on Each Major Federal Program

We have audited Boys & Girls Clubs of Southern Nevada’s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended December 31, 2021. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Title 45 U.S. Code of Federal Regulations Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance for each major federal program. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization’s federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However,

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
June 14, 2022

BOYS GIRLS CLUBS OF SOUTHERN NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Grantor Agency and Program Title	Federal AL Number	Pass-Through Grantor Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through the City of Noth Las Vegas:			
Community Development Block Grants - Entitlement Grants Cluster	14.218	PV9R42U10D2X1	\$ 23,309
Passed through City of Henderson:			
COVID-19: Community Development Block Grants - Entitlement Grants Cluster	14.218	RGVQGN9Z0DJ8	18,208
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>41,517</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through The Children's Cabinet:			
COVID-19: CCDF Cluster	93.575	G99COV2	1,301,099
COVID-19: CCDF Cluster	93.575	G990238	90,877
Passed through the State of Nevada with Urban League as the fiscal agent:			
COVID-19: CCDF Cluster	93.575		778,938
			<u>2,170,914</u>
CCDF Cluster	93.558		32,999
CCDF Cluster	93.596		125,006
			<u>2,328,919</u>
Passed through the State of Nevada:			
Promoting Safe and Stable Families	93.556	93556-21-002	14,992
COVID-19: CDC - Health Disparities	93.391		10,951
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,354,862</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed through the Boys & Girls Clubs of America:			
Juvenile Mentoring Program	16.726	OJJDP 2019-47626	9,412
Juvenile Mentoring Program	16.726	OJJDP 2019-47627	8,984
Juvenile Mentoring Program	16.726	OJJDP 2020-48711	7,429
Juvenile Mentoring Program	16.726	OJJDP 2020-48713	10,610
Juvenile Mentoring Program	16.726	OJJDP 2020-48712	7,818
			<u>44,253</u>
Passed through Clark County:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0468	31,810
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0831	3,624
			<u>35,434</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>79,687</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed through Clark County, Nevada:			
COVID-19: Coronavirus Relief Fund	21.019		264,874
Passed through City of Las Vegas:			
COVID-19: Emergency Rental Assistance	21.023		15,898
TOTAL U.S. DEPARTMENT OF TREASURY			<u>280,772</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the State of Nevada:			
Supplemental Nutrition Assistance Program Cluster	10.561	OUT2101	164,914
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>164,914</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 2,921,752</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
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021 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* and Title 45 U.S. *Code of Federal Regulations* Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS 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.

NOTE 3. INDIRECT COST RATE

Boys & Girls Clubs of Southern Nevada has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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. There are no audit findings that are required to be reported in accordance with 45 CFR 75.516(a).
7. The program tested as a major program was the U.S. Department of Health and Human Services Child Care and Development Fund Cluster.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Boys & Girls Clubs of Southern Nevada qualifies as a low-risk auditee.

BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2021

FINDINGS AND QUESTIONED COSTS - FINANCIAL STATEMENT AUDIT

2021-001 Accuracy of the Schedule of Expenditures of Federal Awards

Criteria: In accordance with 2 CFR 200.510 and 45 CFR 75.510, the auditee must prepare a schedule of expenditures of federal awards which must include the total federal awards as determined in accordance with § 200.502 and § 75.502, respectively.

Condition: Federal expenditures relating to the period and by federal agency were misstated.

Cause: The design and implementation of internal controls over the preparation of the schedule of expenditures of federal awards was not effective.

Effect: Improper recognition of federal expenditures in total and by federal agency could result in improper determination of the necessity of a Single Audit and/or improper major program determination.

Recommendations: We recommend that upon notification of all grant awards management verify the source(s) of funding, to include the related federal assistance listing number, with the grantor if this information is not clearly stated within the award notification or communication with the grantor. We further recommend that for each award received, management understands the appropriate timing of presentation on the schedule of expenditures of federal awards, particularly for those federal awards with a less conventional period of availability.

Views of responsible officials and planned corrective actions: Management has implemented the following system of internal controls: All federal awards will have documented support from the federal agency regarding the required reporting information of the agency that is providing the funding. The required reporting information will be obtained by Gina Amandola (Controller), Kayla Langley (Grants Specialist), or the accounts receivable manager (position currently unfilled). Once obtained, the required reporting information will be communicated to Jaime Weller-Lafavor (CAO) and Daniel Solow (COO) and will be saved electronically in the "Grants" drive along with a copy of the grant award. The SEFA will be prepared and updated on a monthly basis by the accounts receivable manager and reviewed on a monthly basis by the Controller prior to the end of the subsequent month.

Anticipated completion date: June 30, 2022

Repeat finding: No

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

PRIOR YEAR FINDINGS - 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.

Current status: Corrective action has been implemented.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

PRIOR YEAR FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.