

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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, 2022**

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## 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, 2022, 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, 2022, 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, 2022, 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, this 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 20, 2023, 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 20, 2023

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and equivalents	\$ 4,971,586
Cash and equivalents, with donor restrictions	2,840,767
Investments	4,419,817
Investments, with donor restrictions	1,449,590
Grants receivable	3,875,255
Unconditional promises to give	10,000
Prepaid expenses	172,115

17,739,130

**OTHER ASSETS**

Cash and equivalents, restricted in perpetuity	250,000
Investments, restricted for long-term purposes	180,899
Unconditional promises to give, net of current and discount	400,159
Property and equipment, net	17,329,616
Property and equipment, restricted	2,487,766
Land held for investment	48,000
Investments, with donor restrictions, perpetual	7,782,319
Notes receivable	12,736,005

\$ 58,953,894

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 206,494
Accrued staffing expenses	190,340
Deferred revenue	53,000

449,834

**LONG-TERM LIABILITIES**

Notes payable, net of debt issuance costs	16,150,619
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Total liabilities 16,600,453

**NET ASSETS**

Without donor restrictions:

Without donor restrictions	8,228,705
Without donor restrictions held in property and equipment	17,329,616
Board designated	1,393,620

26,951,941

With donor restrictions:

With donor restrictions	12,913,734
With donor restrictions held in property and equipment	2,487,766

15,401,500

Total net assets 42,353,441

Total liabilities and net assets \$ 58,953,894

See notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue, gains and other support:

Contributions		\$	919,117
Federal grants			5,630,888
Other grants			1,337,324
Program fees			531,894
Special event revenue	\$	176,620	
Less: costs of direct benefits to donors		(63,615)	
Net revenues from special events			113,005
In-kind donations			202,017
Rental income			154,750
Gain on sale of property and equipment			5,000
Other income			267
Net assets released from restrictions			485,303

9,379,565

Expenses and losses:

Program services			9,020,925
Supporting services:			
Fundraising			799,006
Management and general			1,263,313

11,083,244

Investment return, net			1,027,408
Unallocated payments to affiliated organizations			42,382

12,153,034

Change in net assets without donor restrictions

(2,773,469)

NET ASSETS WITH DONOR RESTRICTIONS

Contributions			1,427,779
Other grants			424,406
Investment return, net			(1,291,848)
Net assets released from restrictions			(485,303)

Change in net assets with donor restrictions

75,034

CHANGE IN NET ASSETS

(2,698,435)

NET ASSETS, BEGINNING OF YEAR 44,727,096

PRIOR PERIOD ADJUSTMENT (NOTE 20) 324,780

NET ASSETS, BEGINNING OF YEAR 45,051,876

NET ASSETS, END OF YEAR \$ 42,353,441

See notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services	Fundraising	Management and General	Total
Salaries and wages	\$ 4,310,294	\$ 387,758	\$ 719,224	\$ 5,417,276
Payroll taxes and related	346,459	31,168	57,811	435,438
Employee benefits	291,666	26,238	48,668	366,572
Bank and credit card fees	-	148,932	-	148,932
College scholarships	50,825	-	-	50,825
Computer and technology	435,499	2,957	5,586	444,042
Conferences and training	28,699	2,582	4,788	36,069
Contract labor	9,476	-	-	9,476
Depreciation	1,473,933	10,009	18,906	1,502,848
Dues and subscriptions	17,637	1,587	2,942	22,166
Food	23,107	-	-	23,107
Income taxes	-	-	6,756	6,756
Insurance	212,126	1,440	2,721	216,287
Interest	-	84,247	-	84,247
Meals and entertainment	5,368	36	69	5,473
Other	-	124,882	-	124,882
Postage	4,076	28	52	4,156
Printing and copying	35,078	238	450	35,766
Professional services	-	-	382,151	382,151
Program services	559,406	-	-	559,406
Rent	16,301	26,175	-	42,476
Repairs and maintenance	498,411	3,385	6,393	508,189
Summer camp fees	63,505	-	-	63,505
Supplies	25,605	7,535	328	33,468
Telephone and internet	110,944	753	1,423	113,120
Transportation and travel	32,051	218	411	32,680
Utilities	361,245	2,453	4,634	368,332
Vehicle	109,214	-	-	109,214
	<u>9,020,925</u>	<u>862,621</u>	<u>1,263,313</u>	<u>11,146,859</u>
Less: costs of direct benefits to donors	-	(63,615)	-	(63,615)
Total expenses	<u>\$ 9,020,925</u>	<u>\$ 799,006</u>	<u>\$ 1,263,313</u>	<u>\$ 11,083,244</u>

See notes to consolidated financial statements.



**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (2,698,435)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,502,848
Amortization of debt issuance costs (interest)	75,219
Change in discount to present value	(20,602)
Donated property and equipment	(12,400)
Realized/unrealized loss on investments	2,575,484
Gain on sale of property and equipment	(5,000)
(Increase) decrease in operating assets:	
Grants receivable	(1,766,339)
Unconditional promises to give	310,000
Prepaid expenses	20,286
Increase (decrease) in operating liabilities:	
Accounts payable	(42,732)
Accrued staffing expenses	54,588
Funds held on behalf of others	(159,931)
Deferred revenue	38,000
	<hr/>
Net cash used in operating activities	(129,014)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales of investments	655,186
Purchases of investments	(1,323,820)
Purchases of property and equipment	(883,811)
Proceeds from sale of property and equipment	5,000
	<hr/>
Net cash used in investing activities	(1,547,445)
	<hr/>
<b>CHANGE IN CASH AND EQUIVALENTS</b>	(1,676,459)
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	9,738,812
	<hr/>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 8,062,353</u>
<b>SUMMARY OF CASH ACCOUNTS</b>	
Cash and equivalents	\$ 4,971,586
Cash and equivalents, with donor restrictions	2,840,767
Cash and equivalents, restricted in perpetuity	250,000
	<hr/>
	<u>\$ 8,062,353</u>

See notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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, 2022**

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)(vi) and have been classified as organizations other than private foundations under Section 509(a)(1) and 509(a)(3), respectively.

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, 2022.

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, 2022.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

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. As all scholarships were drawn as allowable reimbursements of federal grants, there were no scholarship allowances recognized for the year ended December 31, 2022.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Assets and Services

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair market value at the date of donation. Donated services are recognized as contributions in accordance with the FASB ASC if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Advertising

Advertising costs are expensed as incurred, totaled \$120,708 for the year ended December 31, 2022, and are included in fundraising on the consolidated 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, college scholarships, contract labor, food, income taxes, interest, other, professional services, program services, rent, summer camp fees, and vehicle.

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

The following expenses were allocated on the basis of estimated space used for each function: computer and technology, depreciation, insurance, meals and entertainment, postage, printing and copying, repairs and maintenance, supplies, telephone and internet, transportation and travel, and utilities.

Subsequent Events

Subsequent events have been evaluated through June 20, 2023 which is the date the consolidated financial statements were available to be issued.

Recently Adopted Accounting Guidance

During 2022, the Organization adopted the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is effective for fiscal years beginning after June 15, 2021 and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The adoption of this ASU had no effect on the balance of net assets.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

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, 2022, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date:

Cash and equivalents	\$ 8,062,353
Investments	13,832,625
Grants receivable	3,875,255
Unconditional promises to give	<u>246,359</u>
 Total financial assets	 26,016,592
 Less:	
Amounts unavailable for general expenditures within one year, due to:	
Unconditional promises to give, noncurrent	(246,359)
Restricted by donors for long-term purposes	(180,899)
Restricted by donors in perpetuity	<u>(8,032,319)</u>
 Total amounts unavailable for general expenditures within one year	 (8,459,577)
 Amounts unavailable to management without Boards Finance Committee's or Foundation Board's approval:	
General endowment	(7,474,537)
Endowment funds with purpose restriction	(1,452,816)
Board-designated emergency funds	(1,207,770)
Board-designated repair and maintenance fund	<u>(185,850)</u>
 Total amounts unavailable to management without Boards Finance Committee's or Foundation Board's approval	 <u>(10,320,973)</u>
 Total financial assets available to management for general expenditure within one year	 <u>\$ 7,236,042</u>

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

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, 2022:

	Fair Value
Public equity securities	\$ 9,749,606
Fixed income securities	3,349,077
Mutual funds	560,821
Privately held stock	172,121
Real estate investment trusts	1,000
	\$ 13,832,625

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, 2022**

NOTE 3. INVESTMENTS AND FAIR VALUE (CONTINUED)

The Organization holds land for investment. As of December 31, 2022, 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, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Public equity securities	\$ 9,749,606	\$ -	\$ -	\$ 9,749,606
Fixed income securities	3,349,077	-	-	3,349,077
Mutual funds	560,821	-	-	560,821
Privately held stock	-	-	172,121	172,121
Real estate investment trusts	-	1,000	-	1,000
	<u>13,659,504</u>	<u>1,000</u>	<u>172,121</u>	<u>13,832,625</u>
Land held for investment	-	-	-	<u>48,000</u>
Total investments	<u>\$ 13,659,504</u>	<u>\$ 1,000</u>	<u>\$ 172,121</u>	<u>\$ 13,880,625</u>

NOTE 4. ENDOWMENT FUND

As of December 31, 2022, the Organization had fourteen 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, 2022**

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 has a corpus amount of \$1,400,000 with earnings restricted to 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 Kalb endowment consists of a corpus of \$500,000 with earnings restricted for awards of education scholarships to the Organization’s members and alumni.

The Organization’s endowment funds consist of the following assets as of December 31, 2022:

Cash and equivalents	\$ 4,863,871	
Investments	<u>13,670,320</u>	
		<u>\$ 18,534,191</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

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

NOTE 4. ENDOWMENT FUND (CONTINUED)

Interpretation of Relevant Law (Continued)

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:

- (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

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, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,393,620	\$ -	\$ 1,393,620
Donor restricted endowment funds, perpetual in duration-original gift amount	-	8,032,319	8,032,319
Donor restricted endowment funds			
Repairs and maintenance	-	846,178	846,178
Program	-	369,449	369,449
Scholarships	-	56,482	56,482
Las Vegas Sun Summer Camp Fund	-	361,606	361,606
General endowment	<u>7,474,537</u>	<u>-</u>	<u>7,474,537</u>
	<u>\$ 8,868,157</u>	<u>\$ 9,666,034</u>	<u>\$ 18,534,191</u>

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

NOTE 4. ENDOWMENT FUND (CONTINUED)

Changes in endowment net assets for the year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 9,407,352	\$ 10,707,882	\$ 20,115,234
Investment return, net	(1,024,183)	(1,291,848)	(2,316,031)
Transfers	-	250,000	250,000
Contributions	<u>484,988</u>	<u>-</u>	<u>484,988</u>
Endowment net assets, end of year	<u>\$ 8,868,157</u>	<u>\$ 9,666,034</u>	<u>\$ 18,534,191</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%

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. As of December 31, 2022, funds with original gift values of \$1,250,000, fair values of \$1,143,252, and deficiencies of \$106,748 were reported in net assets with donor restrictions. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As required by the Organization's endowment policies, the Board of Directors must approve spending from underwater endowments until the original gift value is restored through subsequent increases in fair value.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

NOTE 5. BOARD DESIGNATED NET ASSETS

The Board of Directors has designated \$1,207,770 for an emergency fund available for operations and \$185,850 for repairs and maintenance at the Kish, Lied, Southern Highlands and James clubhouses, for a total of \$1,393,620.

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, 2022.

Unconditional promises to give consist of the following at December 31, 2022:

Current receivable balance	\$ 10,000
Long-term receivable balance, net of discount	<u>400,159</u>
Net receivable balance	<u>\$ 410,159</u>

Expected collections of unconditional promises to give are as follows at December 31, 2022:

Gross receivable due in less than one year	\$ 135,000
Gross receivable due in one to five years	175,000
Gross receivable due in more than five years	<u>650,000</u>
	960,000
Less: discounts to net present value	<u>(549,841)</u>
	<u>\$ 410,159</u>

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022:

Land	\$ 1,583,934
Buildings and improvements	33,746,863
Furniture and equipment	3,205,915
Vehicles	<u>792,898</u>
	39,329,610
Less: accumulated depreciation	<u>(19,512,228)</u>
	<u>\$ 19,817,382</u>

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

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, 2022, this note receivable is expected to be fully collectible.

NOTE 9. NOTES PAYABLE

As of December 31, 2022, 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>1,496,440</u>
Long-term notes payable	<u>\$ 16,150,619</u>

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

NOTE 9. NOTES PAYABLE (CONTINUED)

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

2023	\$	-
2024		-
2025		-
2026		-
2027		-
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, 2022:

Subject to expenditure for a specified purpose:		
Windsong educational and teen programming	\$	932,307
Windsong intelligent clubhouse controls		750,000
Capacity building grant		240,212
Workforce Development programming		323,026
STEAM programming		130,022
Panda Cares academic success		120,706
More Members More Often campaign		92,332
Health and wellness		57,579
Youth of the Year program		53,025
Art supplies		39,631
Esports		32,000
Social Justice & Leadership Work		28,570
Young Jedi Program		24,861
Reynolds Learning Zone		7,304
Bicycles		3,966
Sports Matter		<u>2,000</u>
Total subject to expenditure for specified purpose		2,837,541
Subject to passage of time:		
Restricted use of building		2,351,109
Andre Agassi Foundation – endowment		246,359
Unconditional promise to give – land lease		<u>163,800</u>
Total subject to passage of time		2,761,268
Perpetual in nature:		
Southern Highlands land		136,657

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Endowments:

Subject to endowment spending policy and appropriation:

Donald W. Reynolds Club repairs and maintenance	353,161
Las Vegas Sun Summer Camp Fund	361,607
Restricted fund for programs and operations - Donald W. Reynolds Club	351,142
Ralph and Betty Engelstad Club repairs and maintenance	182,551
Engelstad Family Foundation repairs and maintenance for all clubhouses	73,868
Engelstad Family Foundation scholarship fund	23,222
Clubhouse repairs and maintenance	236,575
John C. Kish Memorial scholarship fund	33,259
Jackie Gaughan Club repairs and maintenance	21
Alden music programming	11,667
Brigette Kirvin Downtown Clubhouse Youth of the Year Award Fund	<u>6,642</u>
 Total subject to endowment spending policy and appropriation	 1,633,715

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	697,715
Kalb scholarship fund	445,537
Jackie Gaughan Club repairs and maintenance	300,000
John C. Kish Memorial scholarship fund	<u>75,000</u>
 Total endowment investment in perpetuity	 <u>8,032,319</u>

Total net assets with donor restrictions \$ 15,401,500

Net assets with donor restrictions consist of the following at December 31, 2022:

Cash and equivalents, current	\$ 2,840,767
Cash and equivalents, restricted in perpetuity	250,000
Investments, current	1,449,590
Investments, long-term	180,899
Investments, perpetual	7,782,319
Unconditional promises to give, net	410,159
Property and equipment	<u>2,487,766</u>
	<u>\$ 15,401,500</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, 2022**

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 2022 by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors or decreased as a result of losses on investments as follows:

Satisfaction of purpose restrictions:

Engelstad Family Foundation - Great Futures Start Here programs	\$	211,000
Capacity building grant		<u>18,217</u>

229,217

Satisfaction of time restrictions:

Restricted use of building		205,936
Unconditional promise to give – land lease		150
Unconditional promises to give		<u>50,000</u>

256,086

Losses on endowment investments:

Donald W. Reynolds Club repairs and maintenance		196,335
Las Vegas Sun Summer Camp Fund		69,839
Restricted fund for programs and operations - Donald W. Reynolds Club		62,580
Ralph and Betty Engelstad Club repairs and maintenance		203,227
Engelstad Family Foundation repairs and maintenance for all clubhouses		253,292
Engelstad Family Foundation scholarship fund		261,205
Clubhouse repairs and maintenance		40,656
John C. Kish Memorial scholarship fund		18,605
Jackie Gaughan Club repairs and maintenance		51,559
Alden music programming		2,005
Brigette Kirvin Downtown Clubhouse Youth of the Year Award Fund		1,141
Andre Agassi Foundation repairs and maintenance		76,941
Kalb scholarship fund		<u>54,463</u>

1,291,848

Total net assets releases and losses	\$	<u>1,777,151</u>
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During the year ended December 31, 2022, the Andre Agassi endowment unconditional promise to give with restrictions subject to the passage of time increased by \$10,752 as a result of the amortization of the associated discount and decreased by \$250,000 as a result of a cash payment received, which was transferred to investments restricted in perpetuity (Andre Agassi Foundation repairs and maintenance) for a net decrease of \$239,248. The Andre Agassi Foundation repairs and maintenance endowment balance increased by \$250,000 as a result of this transfer and experienced losses on investments totaling \$76,941 for a net increase of \$173,059.



**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

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.

During the year ended December 31, 2022, revenue of \$3,998,898 was recognized from one federal grant, representing 37% of total revenue, gains, and total support.

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 \$37,826 for the year ended December 31, 2022.

NOTE 13. IN-KIND CONTRIBUTIONS

In-kind contributions recognized in the statement of activities as of December 31, 2022 included:

Program supplies	\$ 67,167
Music education services	100,000
Trash services	25,000
Discount amortization – land lease	<u>9,850</u>
	<u>\$ 202,017</u>

The Organization estimated the fair value of program supplies based on the retail cost of the items and the fair value of music education and trash services based on the amount the donors normally charge for these services.

The amortization of the land lease discount was calculated based on a rate of 6.0008% at the inception of the donated lease and will be recognized annually through the expiration of the lease.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

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, 2022.

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 the remaining balance of the funds held under the terms of the agreement during the year ended December 31, 2022.

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, 2022, the Organization paid \$42,382 in dues. The Organization received \$15,000 in donations and \$247,001 in grants passed through their national affiliate for the year ended December 31, 2022.

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 (PPP Loan). The PPP Loan bore a interest at a fixed rate of 1.0% per annum, had a term of five years, and was unsecured and guaranteed by the U.S. Small Business Administration. The principal and accrued interest of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds were 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 accounted for the PPP Loan as a conditional contribution in accordance with FASB ASC 958-605 and recognized the contribution in full during the year ended December 31, 2021 as all conditions were substantially met. The PPP Loan was forgiven by the SBA during 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 \$247,881 for the year ended December 31, 2022.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

NOTE 19. 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.

NOTE 20. PRIOR PERIOD ADJUSTMENTS AND RECLASSIFICATIONS

During 2022, the Organization discovered additional allowable costs attributable to the year ending December 31, 2021 under the U.S. Department of Health and Human Services' Child Care Development Block Grant. As a result, a prior period adjustment was recorded that resulted in an increase to beginning 2022 consolidated net assets of \$324,780.

Also during 2022, the Organization, through communications with a certain donor, clarified the intent of a donation made in late December 2021 to be a donor-restricted endowment. Since the \$500,000 gift was recognized in the prior year, the Organization has presented a reclassification to consolidated restricted net assets in the 2022 opening balances.

NOTE 21. SUBSEQUENT LITIGATION

Subsequent to December 31, 2022, a legal claim was filed against the Organization by a former employee alleging misconduct by another former employee. The Organization intends to defend itself vigorously against the claim. As the potential outcome of the claim is unknown and the amount of the possible loss or a range of loss cannot be estimated as of the date the financial statements were available to be issued, no loss related to this claim is accrued in the financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

	Boys & Girls Clubs of Southern Nevada	Boys & Girls Clubs of Southern Nevada Foundation, Inc.	Total Before Eliminations	Eliminating Entries	Consolidated
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and equivalents	\$ 120,965	\$ 4,850,621	\$ 4,971,586	\$ -	\$ 4,971,586
Cash and equivalents, restricted	1,155,234	1,685,533	2,840,767	-	2,840,767
Investments	164,714	4,255,103	4,419,817	-	4,419,817
Investments, with donor restrictions	-	1,449,590	1,449,590	-	1,449,590
Grants receivable	3,875,255	-	3,875,255	-	3,875,255
Unconditional promises to give	10,000	-	10,000	-	10,000
Related-party receivable	-	1,000,000	1,000,000	(1,000,000)	-
Prepaid expenses	172,115	-	172,115	-	172,115
	<u>5,498,283</u>	<u>13,240,847</u>	<u>18,739,130</u>	<u>(1,000,000)</u>	<u>17,739,130</u>
<b>OTHER ASSETS</b>					
Cash and equivalents, restricted in perpetuity	-	250,000	250,000	-	250,000
Investments, restricted for long-term purposes	-	180,899	180,899	-	180,899
Unconditional promises to give, net of current and discount	153,800	246,359	400,159	-	400,159
Property and equipment, net	17,329,616	-	17,329,616	-	17,329,616
Property and equipment, net, restricted	2,487,766	-	2,487,766	-	2,487,766
Land held for investment	-	48,000	48,000	-	48,000
Investments, with donor restrictions, perpetual	-	7,782,319	7,782,319	-	7,782,319
Notes receivable	-	12,736,005	12,736,005	-	12,736,005
	<u>19,971,182</u>	<u>21,243,582</u>	<u>41,214,764</u>	<u>-</u>	<u>41,214,764</u>
	<u>\$ 25,469,465</u>	<u>\$ 34,484,429</u>	<u>\$ 59,953,894</u>	<u>\$ (1,000,000)</u>	<u>\$ 58,953,894</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 206,494	\$ -	\$ 206,494	\$ -	\$ 206,494
Accrued staffing expenses	190,340	-	190,340	-	190,340
Related-party payable	1,000,000	-	1,000,000	(1,000,000)	-
Deferred revenue	53,000	-	53,000	-	53,000
	<u>1,449,834</u>	<u>-</u>	<u>1,449,834</u>	<u>(1,000,000)</u>	<u>449,834</u>
<b>LONG-TERM LIABILITIES</b>					
Notes payable, net of debt issuance costs	16,150,619	-	16,150,619	-	16,150,619
Total liabilities	<u>17,600,453</u>	<u>-</u>	<u>17,600,453</u>	<u>(1,000,000)</u>	<u>16,600,453</u>
<b>NET ASSETS</b>					
Without donor restrictions:					
Without donor restrictions	(13,267,404)	21,496,109	8,228,705	-	8,228,705
Without donor restrictions held in property and equipment	17,329,616	-	17,329,616	-	17,329,616
Board designated	-	1,393,620	1,393,620	-	1,393,620
	<u>4,062,212</u>	<u>22,889,729</u>	<u>26,951,941</u>	<u>-</u>	<u>26,951,941</u>
With donor restrictions:					
With donor restrictions	1,319,034	11,594,700	12,913,734	-	12,913,734
With donor restrictions held in property and equipment	2,487,766	-	2,487,766	-	2,487,766
	<u>3,806,800</u>	<u>11,594,700</u>	<u>15,401,500</u>	<u>-</u>	<u>15,401,500</u>
Total net assets	<u>7,869,012</u>	<u>34,484,429</u>	<u>42,353,441</u>	<u>-</u>	<u>42,353,441</u>
Total liabilities and net assets	<u>\$ 25,469,465</u>	<u>\$ 34,484,429</u>	<u>\$ 59,953,894</u>	<u>\$ (1,000,000)</u>	<u>\$ 58,953,894</u>

See notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Boys & Girls Clubs of Southern Nevada	Boys & Girls Clubs of Southern Nevada Foundation, Inc.	Total Before Eliminations	Eliminating Entries	Consolidated
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Revenue, gains and other support:					
Contributions	\$ 756,141	\$ 162,976	\$ 919,117	\$ -	\$ 919,117
Federal grants	5,630,888	-	5,630,888	-	5,630,888
Other grants	1,337,324	-	1,337,324	-	1,337,324
Program fees, net	531,894	-	531,894	-	531,894
Net revenues from special events	113,005	-	113,005	-	113,005
In-kind donations	202,017	-	202,017	-	202,017
Rental income	154,750	-	154,750	-	154,750
Gain on sale of property and equipment	5,000	-	5,000	-	5,000
Other income	267	167,442	167,709	(167,442)	267
Funds transfer	418,319	(418,319)	-	-	-
Net assets released from restrictions	485,303	-	485,303	-	485,303
	9,634,908	(87,901)	9,547,007	(167,442)	9,379,565
Expenses and losses:					
Program services	8,986,995	33,930	9,020,925	-	9,020,925
Supporting services:					
Fundraising	966,448	-	966,448	(167,442)	799,006
Management and general	1,261,713	1,600	1,263,313	-	1,263,313
	11,215,156	35,530	11,250,686	(167,442)	11,083,244
Investment return, net	-	1,027,408	1,027,408	-	1,027,408
Unallocated payments to affiliated organizations	42,382	-	42,382	-	42,382
	11,257,538	1,062,938	12,320,476	(167,442)	12,153,034
Change in net assets without donor restrictions	(1,622,630)	(1,150,839)	(2,773,469)	-	(2,773,469)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Contributions	162,592	1,265,187	1,427,779	-	1,427,779
Other grants	424,406	-	424,406	-	424,406
Investment return, net	-	(1,291,848)	(1,291,848)	-	(1,291,848)
Net assets released from restrictions	(485,303)	-	(485,303)	-	(485,303)
Change in net assets with donor restrictions	101,695	(26,661)	75,034	-	75,034
CHANGE IN NET ASSETS	(1,520,935)	(1,177,500)	(2,698,435)	-	(2,698,435)
NET ASSETS AT BEGINNING OF YEAR	9,065,167	35,661,929	44,727,096	-	44,727,096
PRIOR PERIOD ADJUSTMENT (NOTE 20)	324,780	-	324,780	-	324,780
NET ASSETS, BEGINNING OF YEAR	9,389,947	35,661,929	45,051,876	-	45,051,876
NET ASSETS AT END OF YEAR	\$ 7,869,012	\$ 34,484,429	\$ 42,353,441	\$ -	\$ 42,353,441

See notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Boys & Girls Clubs of Southern Nevada	Boys & Girls Clubs of Southern Nevada Foundation, Inc.	Total Before Eliminations	Eliminating Entries	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in net assets	\$ (1,520,935)	\$ (1,177,500)	\$ (2,698,435)	\$ -	\$ (2,698,435)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	1,502,848	-	1,502,848	-	1,502,848
Amortization of debt issuance costs	75,219	-	75,219	-	75,219
Change in discount to present value	(9,850)	(10,752)	(20,602)	-	(20,602)
Donated property and equipment	(12,400)	-	(12,400)	-	(12,400)
Realized/unrealized loss on investments	14,195	2,561,289	2,575,484	-	2,575,484
Gain on sale of property and equipment	(5,000)	-	(5,000)	-	(5,000)
(Increase) decrease in operating assets:					
Grants receivable	(1,766,339)	-	(1,766,339)	-	(1,766,339)
Unconditional promises to give	60,000	250,000	310,000	-	310,000
Related-party receivable	-	(500,000)	(500,000)	500,000	-
Prepaid expenses	20,286	-	20,286	-	20,286
Increase (decrease) in operating liabilities:					
Accounts payable	(42,732)	-	(42,732)	-	(42,732)
Accrued staffing expenses	54,588	-	54,588	-	54,588
Funds held on behalf of others	(159,931)	-	(159,931)	-	(159,931)
Related-party payable	500,000	-	500,000	(500,000)	-
Deferred revenue	38,000	-	38,000	-	38,000
Net cash provided by (used in) operating activities	(1,252,051)	1,123,037	(129,014)	-	(129,014)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales of investments	-	655,186	655,186	-	655,186
Purchases of investments	-	(1,323,820)	(1,323,820)	-	(1,323,820)
Purchases of property and equipment	(883,811)	-	(883,811)	-	(883,811)
Proceeds from sale of property and equipment	5,000	-	5,000	-	5,000
Net cash used in investing activities	(878,811)	(668,634)	(1,547,445)	-	(1,547,445)
<b>CHANGE IN CASH AND EQUIVALENTS</b>	(2,130,862)	454,403	(1,676,459)	-	(1,676,459)
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	3,407,061	6,331,751	9,738,812	-	9,738,812
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	\$ 1,276,199	\$ 6,786,154	\$ 8,062,353	\$ -	\$ 8,062,353
<b>SUMMARY OF CASH ACCOUNTS</b>					
Cash and equivalents	\$ 120,965	\$ 4,850,621	\$ 4,971,586	\$ -	\$ 4,971,586
Cash and equivalents, with donor restrictions	1,155,234	1,685,533	2,840,767	-	2,840,767
Cash and equivalents, restricted in perpetuity	-	250,000	250,000	-	250,000
	\$ 1,276,199	\$ 6,786,154	\$ 8,062,353	\$ -	\$ 8,062,353

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, 2022, 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 20, 2023.

**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 the 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2022-001 that we consider to be a material weakness.

**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 20, 2023



**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 (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, 2022. 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, 2022.

***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 20, 2023

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Grantor Agency and Program Title	Assistance Listing Number	Pass-Through Identifying Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
SNAP Cluster			
Passed through the State of Nevada:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	OUT2201	\$ 78,209
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	OUT2301	6,191
Total SNAP Cluster			<u>84,400</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>84,400</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
CDBG - Entitlement Grants Cluster			
Passed through the City of North Las Vegas:			
Community Development Block Grants/Entitlement Grants	14.218	272842	15,973
Passed through City of Henderson:			
COVID-19: Community Development Block Grants/Entitlement Grants	14.218	G21V1	78,312
Total CDBG - Entitlements Grants Cluster			<u>94,285</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>94,285</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed through the Boys & Girls Clubs of America:			
Juvenile Mentoring Program	16.726	OJJDP 2020-48711	6,410
Juvenile Mentoring Program	16.726	OJJDP 2020-48712	8,827
Juvenile Mentoring Program	16.726	OJJDP 2020-48713	4,774
Juvenile Mentoring Program	16.726	OJJDP 2021-50001	8,332
Juvenile Mentoring Program	16.726	OJJDP 2021-50002	4,737
Juvenile Mentoring Program	16.726	OJJDP 2021-50003	3,596
			<u>36,676</u>
Passed through Clark County, Nevada:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0831	67,555
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0483	14,255
			<u>81,810</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>118,486</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed through the Boys & Girls Clubs of America:			
WIOA Pilots, Demonstrations, and Research Projects	17.261	MI-36498-21-60-A-13-14	4,969
TOTAL U.S. DEPARTMENT OF LABOR			<u>4,969</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed through Nevada Statewide Alliance of Boys & Girls Clubs:			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	None assigned	78,497
TOTAL U.S. DEPARTMENT OF TREASURY			<u>78,497</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through the State of Nevada:			
COVID-19: Activities to Support State, Tribal, Local, and Territorial Health Department Response to Public Health or Healthcare Crises	93.391	1237	140,865
Promoting Safe and Stable Families	93.556	93556-21-002	1,471
CCDF Cluster			
Passed through the State of Nevada with Urban League as the fiscal agent:			
COVID-19: Child Care and Development Block Grant	93.575	None assigned	1,109,018
Total CCDF Cluster			<u>1,109,018</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,251,354</u>
Total federal expenditures			<u>\$ 1,631,991</u>

See notes to schedule of expenditures of federal awards.

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022 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, 2022**

**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. One instance of material weakness and no instances of significant deficiencies 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 CCDF 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, 2022**

**FINDINGS AND QUESTIONED COSTS - FINANCIAL STATEMENT AUDIT**

2022-001 Material Adjustments and Supporting Schedules

*Criteria:* Financial statements are required to be fairly stated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). A system of internal controls that ensures accounting records are updated timely and accurately is required to be designed and implemented. Best practices dictate that separate accounting systems be maintained for legally identified entities, or that financial data be readily segregated for financial reporting purposes.

*Condition:* Material adjustments were discovered that needed to be made to the accounting records in order for the financial statements to be fairly stated in accordance with U.S. GAAP. Management was unable to extract accounting system-generated schedules that were in agreement with the general ledger, and other schedules were provided for audit that did not reconcile to the general ledger. Financial data was not readily segregated between individual consolidated entities.

*Cause:* Internal controls over preparation and review of supporting schedules were not consistently implemented and performed in a timely manner. Accounting systems were not effective/ utilized to segregate financial data between individual entities.

*Effect:* As a result of inconsistent controls over timely preparation and review of supporting schedules in agreement with the general ledger, management and the Board of Directors may have been presented with/ relied upon inaccurate accounting records used to make decisions affecting the Organization, material adjustments were required in order to fairly state the accounting records in accordance with U.S. GAAP, and best practices regarding segregation of financial data were not followed.

*Recommendations:*

- Management redesign (as needed) and implement a system of internal controls whereby supporting schedules in agreement with or reconciled to the general ledger are prepared, reviewed, and approved by appropriate members of management in a timely manner.
- Appropriate training be obtained related to the general ledger software used so that information can be readily extracted or that separate accounting records be maintained for each consolidated entity.

*Views of responsible officials and planned corrective actions:* Management has implemented the following system of internal controls: All supporting schedules utilized to support the trial balance will be prepared by a member of the accounting department on a monthly basis and reviewed by the controller on a monthly basis. The CFO will perform detailed reviews of various supporting schedules at various times throughout the year to ensure the supporting schedules reconcile to the trial balance. At year end for preparation of the annual audit, all supporting schedules will be reconciled and approved by the controller and CFO prior to submitting to the auditors.

*Anticipated completion date:* June 30, 2023

*Repeat finding:* No

**BOYS & GIRLS CLUBS OF SOUTHERN NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2022**

**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, 2022**

**PRIOR YEAR FINDINGS - 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

*Current status:* Corrective action has been implemented.

**PRIOR YEAR FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.