

**BOYS & GIRLS CLUBS OF PALM BEACH
COUNTY, INC. AND AFFILIATES**

**REPORT ON AUDITS OF CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

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Independent Auditor's Report

Boards of Directors of
Boys & Girls Clubs of Palm Beach County, Inc.,
Boys & Girls Clubs of Palm Beach County Foundation, Inc., and
Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.
West Palm Beach, Florida

Opinion

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates (a non-profit Organization) (the Organization) which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates as of September 30, 2023 and 2022, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are required to be independent of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates 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 opinion.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Palm Beach County, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the consolidated 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 Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates' 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.

Other Matters

Report on Supplementary and Consolidating Information

Our audits were 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*, is presented for purposes of additional analysis and is not a required part of the 2023 consolidated financial statements. Such information and the consolidating information listed in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates, and it is not a required part of the consolidated financial statements. The supplementary and consolidating 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 supplementary and consolidating information has been subjected to the auditing procedures applied in the audits 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 and *Government Auditing Standards*. In our opinion, the supplementary and consolidating 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 January 26, 2024, on our consideration of the Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates' 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 Palm Beach County, Inc. and Affiliates' internal control over financial reporting and compliance.

Templeton & Company, LLP

West Palm Beach, Florida
January 26, 2024

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 12,793,743	\$ 14,085,742
Investments	31,273,872	17,043,214
Grants and accounts receivable, net	2,468,441	1,157,284
Current portion of unconditional promises to give, net	346,694	370,300
Prepaid expenses	<u>904,592</u>	<u>589,263</u>
Total current assets	47,787,342	33,245,803
Property and equipment, net	19,232,831	19,645,595
Unconditional promises to give, net of current portion	2,199,701	841,393
Note receivable - New Market Tax Credit	5,761,974	5,761,974
Beneficial interest in assets held by Community Foundation	180,800	174,614
Other assets	<u>107,579</u>	<u>118,629</u>
Total assets	<u>\$ 75,270,227</u>	<u>\$ 59,788,008</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,295,110	\$ 1,222,916
Current portion of long-term debt	76,361	59,127
Deferred revenue	<u>1,096,651</u>	<u>3,633,100</u>
Total current liabilities	2,468,122	4,915,143
Long-term debt, net	<u>7,801,148</u>	<u>7,734,464</u>
Total liabilities	<u>10,269,270</u>	<u>12,649,607</u>
Net assets:		
Without donor restrictions	27,876,341	19,910,659
With donor restrictions	<u>37,124,616</u>	<u>27,227,742</u>
Total net assets	<u>65,000,957</u>	<u>47,138,401</u>
Total liabilities and net assets	<u>\$ 75,270,227</u>	<u>\$ 59,788,008</u>

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2023 and 2022

	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Contributions and grants	\$ 6,716,126	\$ 9,568,294	\$ 16,284,420	\$ 5,452,544	\$ 8,525,338	\$ 13,977,882
Federal, state and local government grants	15,638,035	-	15,638,035	7,757,533	-	7,757,533
Special events, net of direct expenses	3,993,383	-	3,993,383	4,644,106	-	4,644,106
Program revenue	256,692	-	256,692	365,288	-	365,288
Donated facilities	1,080,005	-	1,080,005	1,124,487	-	1,124,487
Donated utilities	122,196	-	122,196	122,196	-	122,196
Donated food and other	1,964,216	-	1,964,216	1,681,053	-	1,681,053
Other	138,068	57,191	195,259	264,028	57,191	321,219
Conditional loan forgiveness	-	-	-	24,185	-	24,185
Total revenue and support before net assets released from donor restrictions	29,908,721	9,625,485	39,534,206	21,435,420	8,582,529	30,017,949
Net assets released from restrictions	1,041,703	(1,041,703)	-	1,693,201	(1,693,201)	-
Total revenue and support	30,950,424	8,583,782	39,534,206	23,128,621	6,889,328	30,017,949
Expenses:						
Program services:						
Character and leadership development	2,742,490	-	2,742,490	2,239,941	-	2,239,941
Education and career development	4,156,698	-	4,156,698	3,394,371	-	3,394,371
Sports, fitness and recreation	5,275,988	-	5,275,988	4,307,575	-	4,307,575
Health and life skills	2,110,860	-	2,110,860	1,723,030	-	1,723,030
Cultural arts	3,367,159	-	3,367,159	2,748,234	-	2,748,234
Technology	2,691,403	-	2,691,403	2,196,864	-	2,196,864
Total program services	20,344,598	-	20,344,598	16,610,015	-	16,610,015
Supporting services:						
Management and general	1,718,414	-	1,718,414	1,608,708	-	1,608,708
Fundraising	1,159,000	-	1,159,000	945,865	-	945,865
Total expenses	23,222,012	-	23,222,012	19,164,588	-	19,164,588
Change in net assets before non-operating activities	7,728,412	8,583,782	16,312,194	3,964,033	6,889,328	10,853,361
Transfer of assets	333,933	(333,933)	-	(1,912,148)	1,912,148	-
Net investment return (loss)	269,154	1,647,025	1,916,179	(673,522)	(2,601,366)	(3,274,888)
Net unrealized gain (loss) on beneficial interest in assets held by Community Foundation	6,186	-	6,186	(21,093)	-	(21,093)
Interest expense	(212,502)	-	(212,502)	(242,579)	-	(242,579)
Loss on disposal of property and equipment	(159,501)	-	(159,501)	-	-	-
Change in net assets	7,965,682	9,896,874	17,862,556	1,114,691	6,200,110	7,314,801
Net assets - beginning of year	19,910,659	27,227,742	47,138,401	18,795,968	21,027,632	39,823,600
Net assets - end of year	\$ 27,876,341	\$ 37,124,616	\$ 65,000,957	\$ 19,910,659	\$ 27,227,742	\$ 47,138,401

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2023

	Program Services						Supporting Services		Total Expenses
	Character and Leadership Development	Education and Career Development	Sports, Fitness and Recreation	Health and Life Skills	Cultural Arts	Technology	Management and General	Fundraising	
Marketing and public relations	\$ 14,294	\$ 21,666	\$ 27,500	\$ 11,002	\$ 17,551	\$ 14,028	\$ 8,957	\$ 6,040	\$ 121,038
Conferences and staff training	5,239	7,940	10,078	4,032	6,432	5,141	3,283	2,214	44,359
Core programs	242,102	366,945	465,754	186,343	297,246	237,592	151,698	102,294	2,049,974
Employee benefits	78,673	119,242	151,351	60,554	96,593	77,208	49,296	33,241	666,158
Equipment leasing and maintenance	53,675	81,353	103,259	41,313	65,900	52,675	33,632	22,679	454,486
Insurance	81,051	122,844	155,923	62,383	99,511	79,540	50,785	34,245	686,282
Building maintenance	93,839	142,229	180,528	72,227	115,214	92,091	58,799	39,649	794,576
In-kind food program and other	353,746	536,159	680,533	272,273	434,319	347,156	221,652	149,466	2,995,304
In-kind utilities	14,430	21,873	27,763	11,108	17,718	14,163	9,043	6,098	122,196
Supplies and office expenses	16,581	25,131	31,899	12,762	20,358	16,272	10,390	7,006	140,399
Permits and dues	5,150	7,808	9,910	3,965	6,325	5,055	3,228	2,177	43,618
Payroll taxes	111,523	169,034	214,550	85,839	136,927	109,447	69,880	47,122	944,322
Postage and shipping	508	770	977	391	624	499	318	215	4,302
Professional fees	14,279	21,643	27,471	10,991	17,532	14,013	8,947	6,033	120,909
Salaries and casual labor	1,352,739	2,050,299	2,602,390	1,041,185	1,660,857	1,327,540	847,609	571,563	11,454,182
Recruitment	19,037	28,855	36,624	14,653	23,374	18,683	11,929	8,044	161,199
Dues and subscriptions	13,854	20,996	26,650	10,662	17,008	13,595	8,680	5,853	117,298
Telephone	11,015	16,694	21,190	8,478	13,523	10,809	6,902	4,654	93,265
Utilities	28,536	43,251	54,897	21,964	35,036	28,004	17,880	12,057	241,625
Travel and lodging	51,905	78,668	99,851	39,949	63,725	50,936	32,522	21,930	439,486
Enhancement activities	18,811	28,513	36,191	14,480	23,097	18,462	11,788	7,949	159,291
Miscellaneous	21,311	32,300	40,998	16,402	26,165	20,913	13,353	9,237	180,679
Bad debt expense, net	35,504	53,813	68,303	27,327	43,591	34,843	22,247	15,001	300,629
Total expenses before depreciator	2,637,802	3,998,026	5,074,590	2,030,283	3,238,626	2,588,665	1,652,818	1,114,767	22,335,577
Depreciation	104,688	158,672	201,398	80,577	128,533	102,738	65,596	44,233	886,435
Total expenses	\$ 2,742,490	\$ 4,156,698	\$ 5,275,988	\$ 2,110,860	\$ 3,367,159	\$ 2,691,403	\$ 1,718,414	\$ 1,159,000	\$ 23,222,012

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2022

	Program Services						Supporting Services		Total Expenses
	Character and Leadership Development	Education and Career Development	Sports, Fitness and Recreation	Health and Life Skills	Cultural Arts	Technology	Management and General	Fundraising	
Marketing and public relations	\$ 7,226	\$ 10,950	\$ 13,895	\$ 5,558	\$ 8,865	\$ 7,087	\$ 4,524	\$ 3,050	\$ 61,155
Conferences and staff training	4,260	6,456	8,193	3,277	5,227	4,178	2,667	1,799	36,057
Core programs	131,183	198,792	252,274	100,910	160,951	128,660	156,324	55,381	1,184,475
Employee benefits	79,077	119,831	152,070	60,828	97,021	77,556	49,513	33,384	669,280
Equipment leasing and maintenance	39,319	59,584	75,614	30,246	48,242	38,563	24,620	16,599	332,787
Insurance	73,395	111,222	141,144	56,458	90,050	71,984	45,956	30,985	621,194
Building maintenance	84,019	127,321	161,575	64,630	103,085	82,403	52,608	35,470	711,111
In-kind food program and other	326,277	494,435	627,456	250,982	400,317	320,002	204,296	137,744	2,761,509
In-kind utilities	14,438	21,879	27,765	11,106	17,714	14,160	9,040	6,095	122,197
Supplies and office expenses	16,586	25,135	31,897	12,759	20,350	16,267	10,385	7,002	140,381
Permits and dues	2,131	3,229	4,098	1,639	2,614	2,090	1,334	900	18,035
Payroll taxes	81,439	123,412	156,614	62,646	99,920	79,873	50,993	34,381	689,278
Postage and shipping	1,410	2,136	2,711	1,084	1,729	1,382	883	595	11,930
Professional fees	17,641	26,733	33,925	13,570	21,644	17,302	11,046	7,447	149,308
Salaries and casual labor	1,125,225	1,705,149	2,163,895	865,558	1,380,565	1,103,587	704,554	475,036	9,523,569
Recruitment	13,599	20,608	26,152	10,461	16,685	13,338	8,515	5,741	115,099
Dues and subscriptions	8,351	12,655	16,059	6,424	10,246	8,190	5,229	3,525	70,679
Telephone	11,306	17,132	21,741	8,697	13,871	11,088	7,079	4,773	95,687
Utilities	27,189	41,201	52,286	20,914	33,358	26,666	17,024	11,478	230,116
Travel and lodging	49,162	74,499	94,542	37,814	60,318	48,216	30,782	20,755	416,088
Enhancement activities	5,506	8,343	10,588	4,235	6,755	5,400	3,447	2,325	46,599
Miscellaneous	20,788	31,503	39,977	15,992	25,506	20,389	13,016	9,008	176,179
Bad debt expense (recoveries), net	(974)	(1,475)	(1,872)	(749)	(1,194)	(955)	131,390	(411)	123,760
Total expenses before depreciation	2,138,553	3,240,730	4,112,599	1,645,039	2,623,839	2,097,426	1,545,225	903,062	18,306,473
Depreciation	101,388	153,641	194,976	77,991	124,395	99,438	63,483	42,803	858,115
Total expenses	<u>\$ 2,239,941</u>	<u>\$ 3,394,371</u>	<u>\$ 4,307,575</u>	<u>\$ 1,723,030</u>	<u>\$ 2,748,234</u>	<u>\$ 2,196,864</u>	<u>\$ 1,608,708</u>	<u>\$ 945,865</u>	<u>\$ 19,164,588</u>

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 17,862,556	\$ 7,314,801
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	886,435	858,115
Amortization of in-kind rent	52,541	49,985
Amortization of loan costs	15,851	15,851
Conditional loan forgiveness - Paycheck Protection Program loan	-	(24,185)
Realized and unrealized (gain) loss on investments, net	(1,805,802)	3,974,440
Unrealized (gain) loss on beneficial interest in assets held by Community Foundation	(6,185)	21,093
Contributions received for long-term investment	(9,911,210)	(9,422,494)
(Increase) decrease in operating assets:		
Unconditional promises to give, net	(1,334,702)	(644,144)
Grants and accounts receivable, net	(1,311,157)	792,699
Prepaid expenses	(315,329)	(62,057)
Other assets	11,050	(6,433)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	72,194	139,589
Deferred revenue	<u>(2,536,449)</u>	<u>1,864,024</u>
Net cash provided by operating activities	<u>1,679,793</u>	<u>4,871,284</u>
Cash flows from investing activities:		
Purchases of investments, net of sales proceeds	(12,424,857)	(7,702,246)
Purchases of property and equipment	<u>(272,623)</u>	<u>(289,668)</u>
Net cash used in investing activities	<u>(12,697,480)</u>	<u>(7,991,914)</u>
Cash flows from financing activities:		
Contributions received for long-term investment	9,911,210	9,422,494
Principal payments on long-term debt	<u>(185,522)</u>	<u>(336,368)</u>
Net cash provided by financing activities	<u>9,725,688</u>	<u>9,086,126</u>
Net (decrease) increase in cash and cash equivalents and restricted cash	(1,291,999)	5,965,496
Cash, cash equivalents and restricted cash, beginning of year	<u>14,085,742</u>	<u>8,120,246</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 12,793,743</u>	<u>\$ 14,085,742</u>
Supplemental schedule of non-cash investing and financing activities:		
Assumption of note payable for equipment acquisition	<u>\$ 253,589</u>	<u>\$ 171,517</u>
Supplemental cash flow information:		
Interest paid	<u>\$ 8,757</u>	<u>\$ 1,675</u>

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities and organization

The Boys & Girls Clubs of Palm Beach County, Inc. (the Club) is a not-for-profit organization which provides educational, athletic and social services to children and teenagers throughout Palm Beach County. The Club's Affiliate, Boys & Girls Clubs of Palm Beach County Foundation, Inc. (the Foundation), is a not-for-profit organization organized to solicit, accept and administer funds and property donated to the Foundation in order to ensure, in perpetuity, the financial stability of the Boys & Girls Clubs of Palm Beach County, Inc. Another affiliate, the Boys and Girls Clubs of Palm Beach County Leverage Lender, Inc. (Leverage Lender) is a Florida not-for-profit organization which provides for New Market Tax Credit (NMTC) financing. The Organization encompasses the Club, Foundation and Leverage Lender.

The Organization has a long-standing commitment to meeting the needs of members and the general community through six broad program classifications:

Character and leadership development – Involving the nurturing and guiding youthful potential and developing a moral compass through programs, volunteerism and community services.

Education and career development – Encouraging success through acquiring knowledge and developing a positive attitude toward learning while encouraging vocational competence through daily homework help, literacy programs, computer training, and employability skills training.

Sports, fitness and recreation – Promoting teamwork and constructive use of leisure time through athletic leagues, individual sports and social competence.

Health and life skills – Developing skills that help increase a young person's capacity to engage in positive behaviors that nurture their own well-being, set personal goals and live successfully as self-sufficient adults.

Cultural arts – Providing cultural enrichment through numerous programs that utilize the arts to address issues related to youth culture. Collaboration with multiple sectors of the community to provide innovative and challenging cultural enrichment for young people.

Technology/STEM – Embracing a technological future by providing programs that give members basic computer skills, introducing them to digital movie making, music making, photography, graphic design and web development, homework help and educational software.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Boys & Girls Clubs of Palm Beach County, Inc., the Boys & Girls Clubs of Palm Beach County Foundation, Inc., and the Boys and Girls Clubs of Palm Beach County Leverage Lender, Inc., for which the Club has both control and economic interest. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Net assets

The consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual arrangements with creditors or others that are entered into in the course of operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are donor-imposed endowment funds.

When a donor's restriction is satisfied either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the assets are placed in service by the Organization, unless the donor provided more specific directions about the period of its use.

Measure of operations

The Organization's operating activities include revenues that are earned as a result of providing programs and supporting activities and expenses related to providing these programs and supporting activities. Operating activities also include amounts released from donor restrictions. Non-operating activities include non-operating expenses, endowment and investment gains and losses related to donor restricted endowment investments, as well as, the unrealized gains and losses related to the Organization's beneficial interest in assets held by the Community Foundation.

Classification of transactions

All revenue and net gains are reported as increases in net assets without donor restrictions in the consolidated statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses, other than losses on endowment investments, are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Contributions

Contributions, including unconditional promises (pledges) to give, are recognized in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Contributions, continued

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. Amounts pledged are recorded as contributions of net assets with donor restrictions if designated by the donors as such. Promises that remain uncollected more than one year after their due dates are written off unless the donor indicates that payment is merely postponed.

Contributions of assets other than cash are reported at their estimated fair value at the date of the gift. The Organization reports non-cash contributions as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Contributions of long-lived assets with explicit donor restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue, program, and support recognition

The Organization recognizes revenue from program and supporting activities in the period the activity is provided, and amounts received in advance of services are recorded as deferred revenue.

Membership dues to the Club are recognized as revenue over time when the related services, including access to sign up for Club programs which represents the Club's performance obligations, are provided.

Program fees for parent-pay programs are recognized over time as weekly programming is delivered. Fees associated with programming contracts are recognized as programming is delivered.

Special events represent various activities undertaken to raise funds for the Organization for unrestricted purposes. Special events revenue is recognized as revenue at the time of the event. Amounts received prior to the event are reported as deferred revenue. The Organization had special event revenues of \$5,859,362 less related direct expenses of \$1,865,979 for the year ended September 30, 2023 and revenues of \$6,092,641 less direct expenses of \$1,448,535 for the year ended September 30, 2022.

Grant revenue

The Organization receives various grants from federal, state, and local agencies, as well as private foundations for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenue from grants is deemed earned and recognized in the consolidated statements of activities when expenditures are made for the purposes specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred revenue.

Donated facilities, goods, and services

Donated goods are recorded at their fair value on the date donated and are reflected as contributions in the accompanying consolidated statements of activities. Donated facilities represent the excess of the fair rental value of the building or land leases over below market rent payments due under lease agreements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Donated facilities, goods, and services, continued

Time donated by volunteers is not recorded in the consolidated financial statements as these services do not require specialized skills or create or enhance nonfinancial assets and, therefore, do not meet the recognition criteria.

Donated facilities and goods recognized as revenue for the years ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Use of recreational facilities, Belle Glade Schools	\$ 465,404	\$ 485,088
Use of recreational facilities, DeGeorge Club	156,804	156,804
Use of other facilities	235,500	235,500
Land under lease, Wellington (see Note 7)	182,917	188,031
Amortization of discount	39,380	59,064
Utilities	122,196	122,196
Food	<u>1,964,216</u>	<u>1,681,053</u>
Total	<u>\$ 3,166,417</u>	<u>\$ 2,927,736</u>

Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts, and other highly liquid investments with an original maturity of three months or less. For purposes of the consolidated statements of cash flows, all investment instruments without donor restrictions with original maturities of three months or less are considered cash equivalents.

Restricted cash

Cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows as of September 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 12,243,933	\$ 13,539,204
Restricted cash	<u>549,810</u>	<u>546,538</u>
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 12,793,743</u>	<u>\$ 14,085,742</u>

Restricted cash consists of funds set aside for construction and certain operating expenses of the New Market Tax Credit (NMTC) (Note 14).

Note receivable – New Market Tax Credit (NMTC)

The note receivable – NMTC is collateralized by membership interests related to the NMTC transaction (see Notes 9 and 14) and is stated at the principal amount. The Organization has one class of financing receivable from a highly credible financial institution. Management continues to monitor and assess the credit worthiness of the NMTC note based on indicators such as collateralization and collection experience. As of September 30, 2023 and 2022, no allowance has been established as the Organization deems the note to be fully collectible given the credit worthiness of the financial institution and membership interests.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Investments

Investments consist of money market funds, mutual funds, corporate bonds, alternative investments, and common stocks.

Investment income and realized gains and losses on investments are recognized upon realization. Unrealized gains and losses are recognized based on changes in fair values during the period. Net investment returns or losses are reported in appropriate net asset classifications based upon the existence of donor restrictions, if any.

Investments are exposed to various risks such as interest rate risk, market risk, economic risk, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near-term.

Beneficial interest in assets held by Community Foundation

Beneficial interest in assets held by Community Foundation for Palm Beach and Martin Counties (the Community Foundation) represents the fiscal year end value of an endowment fund. The Organization previously entered into an agreement to establish this fund at the Community Foundation with funds received from a donor which were then transferred to the Community Foundation with the Organization specified as the primary beneficiary. The agreement permits the Community Foundation to substitute another beneficiary in place of the Organization if the Organization ceases to exist or, if the governing board of the Community Foundation decides that the stated restrictions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served by the Community Foundation.

Grants and accounts receivable

Grants receivable represent amounts owed to the Organization from federal, state and local grants for services rendered under contractual obligations and grants from Boys and Girls Clubs of America, corporations and foundations. Certain grants are payable upon the submission of specified documentation. All outstanding grants receivable are expected to be collected within one year and are considered collectible.

An account receivable is recorded when the Organization has a right to consideration in exchange for goods or services that the Organization has provided. These accounts receivable are evaluated for collectability and allowances for amounts deemed potentially uncollectible are determined based on historical trends and aging of these balances. The allowance for doubtful accounts was approximately \$24,300 and \$12,000 at September 30, 2023 and 2022, respectively.

Property and equipment

Property and equipment is stated at cost if purchased or, if acquired by contribution, at the estimated market value on the date of contribution. The Organization's policy is to capitalize assets greater than \$5,000 at acquisition. The Organization provides for depreciation on property and equipment over the estimated useful lives of the related assets using the straight-line method.

The estimated useful lives are summarized in the following table:

Building and leasehold improvements	10-39 years
Vehicles	5 years
Equipment and furniture	3-10 years

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Income taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been recorded in the consolidated financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2023 or 2022. The Organization is no longer subject to income tax examinations for fiscal years prior to 2020.

Fair value of financial instruments

Financial instruments include cash and cash equivalents, restricted cash, grants and accounts receivable, unconditional promises to give in less than one year, accounts payable, deferred revenue, and accrued expenses, and are stated at carrying value at year-end, which approximates their fair values due to the short-term nature of these instruments. The carrying amount of unconditional promises to give due in more than one year and contributions receivable of donated facilities approximate fair value since they have been discounted to the net present value using discounted cash flows.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Functional allocation of expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Occupancy, depreciation, insurance, and maintenance costs are allocated using a percentage basis dependent on the programs and supporting activities occupying the space.
- Certain salaries, benefits and payroll taxes (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, and supporting services based on time studies and budgeted allocations.
- Information technology, utilities, insurance, and supplies that cannot be directly identified are allocated using a percentage basis most appropriate to the particular cost being allocated.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Functional allocation of expenses, continued

Management periodically evaluates the basis on which the costs are allocated when new space or programs are added. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activity that include fundraising. Additionally, advertising costs are expensed as incurred.

Reclassifications

Certain reclassifications, which were not material, were made in the 2022 consolidated financial statements to conform to the presentation in the 2023 consolidated financial statements.

Adopted accounting standard

As of October 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases*, which as amended, was codified as Accounting Standards Codification (ASC) Topic 842, *Leases* using the optional adoption date transitional method. ASU 2016-02 requires lessees to recognize most leases on the statement of financial position as liabilities, with corresponding right-of-use (ROU) assets. Lessor accounting was not significantly changed. The Organization elected to apply the group of practical expedients which allows the Organization to carry forward its identification of contracts that are or contain a lease, its historical lease classification, and its initial direct costs for existing leases. The adoption of this standard did not have a material impact on the Organization's consolidated statement of financial position, or consolidated statements of activities and cash flows for the year ended September 30, 2023.

Recent accounting pronouncement

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets. The new model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances for losses. ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2022, as amended by ASU 2019-10. The Organization will adopt this guidance as of October 1, 2023. The Organization does not anticipate the adoption of ASU 2016-13 will have a material impact on its consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 2 – Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of September 30, 2023 and 2022 are as follows:

	2023	2022
Financial assets:		
Cash, cash equivalents and restricted cash	\$ 12,793,743	\$ 14,085,742
Grants and accounts receivable, net	2,468,441	1,157,284
Investments	31,273,872	17,043,214
Unconditional promises to give – to be received in one year	346,694	370,300
Total financial assets	46,882,750	32,656,540
Less: financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(11,991,620)	(4,045,942)
Donor-restricted endowment funds perpetual in nature (Note 12)	(15,414,154)	(14,768,725)
Less: restricted cash on financial assets (Note 1)	(549,810)	(546,538)
Amount available for general operating expenditures within one year	\$ 18,927,166	\$ 13,295,335

The above table reflects donor-restricted and any board-designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization's programs. However, in the case of need, the Board of Directors could appropriate resources from the donor restricted endowment funds for general use. Note 13 provides more information about those funds and about the spending policies for all endowment funds.

As part of the Organization's liquidity management, the Organization invests cash in excess of daily requirements in cash equivalents and money market accounts. In the event of unanticipated liquidity need, the Organization has a line of credit available that can be used to meet its current obligations, if necessary (Note 8).

Note 3 – Investments

Investments are recorded at fair value and consist of the following at September 30, 2023 and 2022:

	2023	2022
Money market funds	\$ 19,331,741	\$ 5,824,197
Mutual funds	5,964,660	5,876,804
Corporate bonds	2,711,465	2,270,177
Alternative investments	64,267	500,378
Common stocks	3,201,739	2,571,658
Total investments	\$ 31,273,872	\$ 17,043,214

The following schedule summarizes the net investment return (loss) on the Organization's investments for the years ended September 30, 2023 and 2022:

	2023	2022
Dividends and interest	\$ 726,998	\$ 674,007
Realized and unrealized gains (losses), net	1,189,181	(3,948,895)
Net investment return (loss)	\$ 1,916,179	\$ (3,274,888)

Net investment return (loss) includes \$61,340 and \$70,094 of direct investment expenses for the years ended September 30, 2023 and 2022, respectively.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 4 – Note Receivable, New Market Tax Credit

The note receivable – NMTC is due from Twain Investment Fund 342, LLC (Twain or Investment Fund), an unrelated party, with interest at 1.0% per annum. The note receivable – NMTC requires interest annually through December 2027, at which point interest and principal payments will be due at a rate sufficient to amortize the note receivable – NMTC through the maturity date of December 2046. The note is collateralized by a security interest in the membership interests of the community development entity. The balance of the note receivable – NMTC is \$5,761,974, including accrued interest of \$42,894, for each of the years ended September 30, 2023 and 2022.

The note payable – NMTC and regulatory agreement restricts the use of funds to the Organization which qualifies as a qualified active low-income community business for the term of the loan. The balance of the note payable – NMTC at September 30, 2023 and 2022 is \$8,022,000 (Note 9).

Note 5 – Fair Value Measurements

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Investments are measured at fair value. Accounting guidance provides for the use of NAV as a practical expedient for estimating the fair value of the private funds. Accordingly, NAV reported by fund management is used to estimate the fair value of the Organization's interest.

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 – Quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of the fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no significant changes in the methodologies used during the years ended September 30, 2023 and 2022:

Money market funds – institutional short-term investment vehicles valued daily with a NAV of \$1. NAV is the quoted price in an active market and, therefore, classified within Level 1 of the fair value hierarchy.

Mutual funds – required to publish their daily NAV and to transact at that price. The mutual funds are deemed to be actively traded.

Corporate bonds – corporate bonds are valued based on the last trade price of the fiscal year. When a bond has not been traded on the last day of the fiscal year, the price is obtained from an independent third party pricing company.

Alternative investments – consisting of hedge funds valued daily at NAV on active markets as of the reporting date.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 5 – Fair Value Measurements, Continued

Common stocks – valued at the closing price reported on the active markets on which the individual securities are traded.

Beneficial interest – assets held by the Community Foundation for Palm Beach and Martin Counties (Community Foundation), valued at the NAV of the assets at the end of the year.

The following table summarizes the Organization’s determination of fair value as of September 30, 2023 and 2022 on the following financial assets using these input levels that are measured at fair value on a recurring basis:

	Fair Value Measurements as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 19,331,741	\$ -	\$ -	\$ 19,331,741
Mutual funds	5,964,660	-	-	5,964,660
Corporate bonds	2,711,465	-	-	2,711,465
Alternative investments	64,267	-	-	64,267
Common stocks	<u>3,201,739</u>	<u>-</u>	<u>-</u>	<u>3,201,739</u>
Total investments	31,273,872	-	-	31,273,872
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>-</u>	<u>180,800</u>	<u>180,800</u>
Total	<u>\$ 31,273,872</u>	<u>\$ -</u>	<u>\$ 180,800</u>	<u>\$ 31,454,672</u>

	Fair Value Measurements as of September 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 5,824,197	\$ -	\$ -	\$ 5,824,197
Mutual funds	5,876,804	-	-	5,876,804
Corporate bonds	2,270,177	-	-	2,270,177
Alternative investments	500,378	-	-	500,378
Common stocks	<u>2,571,658</u>	<u>-</u>	<u>-</u>	<u>2,571,658</u>
Total investments	17,043,214	-	-	17,043,214
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>-</u>	<u>174,614</u>	<u>174,614</u>
Total	<u>\$ 17,043,214</u>	<u>\$ -</u>	<u>\$ 174,614</u>	<u>\$ 17,217,828</u>

The following is a schedule of Level 3 investment activity which is comprised of funds with the Community Foundation, for the year ended September 30, 2023 measured on a recurring basis using significant unobservable inputs:

	Donor Advised Account
Balance as of October 1, 2022	\$ 174,614
Net gain	7,937
Fees	<u>(1,751)</u>
Balance as of September 30, 2023	<u>\$ 180,800</u>

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 6 – Unconditional Promises to Give

Unconditional promises to give as of September 30, 2023 and 2022 are detailed as follows:

	2023	2022
Capital campaign pledges	\$ 3,316,500	\$ 1,520,000
Unconditional promises to give before unamortized discount and allowances for uncollectible pledges	3,316,500	1,520,000
Less: unamortized discount	<u>(239,465)</u>	<u>(65,107)</u>
Subtotal	3,077,035	1,454,893
Less: allowance for uncollectible pledges	<u>(530,640)</u>	<u>(243,200)</u>
Net unconditional promises to give	<u>\$ 2,546,395</u>	<u>\$ 1,211,693</u>
Current portion of unconditional promises to give	\$ 346,694	\$ 370,300
Non-current portion of unconditional promises to give	<u>2,199,701</u>	<u>841,393</u>
	<u>\$ 2,546,395</u>	<u>\$ 1,211,693</u>
Amounts due in:		
Less than one year	\$ 877,334	\$ 613,500
One to five years	2,426,666	894,000
After five years	<u>12,500</u>	<u>12,500</u>
Total	<u>\$ 3,316,500</u>	<u>\$ 1,520,000</u>

The Organization applies discount rates ranging from 3.5% to 5% to its pledges with terms in excess of one year. At September 30, 2023 and 2022, respectively, approximately 96% and 82% of total unconditional promises to give were from two and four donors in each year, respectively.

Note 7 – Property and Equipment

Property and equipment, net consisted of the following at September 30, 2023 and 2022:

	2023	2022
Land	\$ 354,024	\$ 354,024
Land under lease, net	1,800,498	1,853,039
Building and leasehold improvements	21,992,562	22,240,828
Vehicles	1,316,856	1,276,238
Equipment and furniture	<u>1,744,144</u>	<u>1,671,866</u>
Subtotal	27,208,084	27,395,995
Less: accumulated depreciation	<u>(8,043,993)</u>	<u>(7,750,400)</u>
Subtotal	19,164,091	19,645,595
Construction in process	<u>68,740</u>	<u>-</u>
Property and equipment, net	<u>\$ 19,232,831</u>	<u>\$ 19,645,595</u>

Depreciation expense totaled \$886,435 and \$858,115 for the years ended September 30, 2023 and 2022, respectively. Construction in progress represents costs incurred relating to construction of Dreyer Park Club and is expected to be placed in service during the year ending September 30, 2026.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 7 – Property and Equipment, Continued

Prior to 2015, the Organization entered into a long-term lease with the Village of Wellington to facilitate the relocation of its Wellington, Florida club. The net value of the land under lease represents the unamortized difference between the fair market rental value of the land and the stated amount of lease payments using a 5% discount rate. The land under lease asset was recognized as a donor restricted contribution.

The asset is being amortized over the initial 30-year lease term and recorded in the consolidated statements of activities as in-kind rent expense. Such amortization amounted to \$52,541 and \$49,985 for the years ended September 30, 2023 and 2022, respectively.

Note 8 – Line of Credit

The Organization has an agreement for a revolving line of credit (the line of credit) with a financial institution. The line of credit provides for borrowings up to \$750,000. Interest on any outstanding borrowings is variable at a rate equal to the daily SOFR rate plus 260 basis points (2.60%) payable monthly. Outstanding borrowings and any accrued but unpaid interest are due and payable on the expiration date (October 25, 2024) of the line of credit. As of September 30, 2023, there were no outstanding borrowings under the line of credit.

Note 9 – Long-term Debt

Long-term debt at September 30, 2023 and 2022 is as follows:

	2023	2022
Vehicle and equipment notes payable - various financing companies and financial institutions; monthly payments of principal and interest with interest rates ranging from 1.30% to 4.75%; maturing through 2027; collateralized by certain vehicles and equipment.	\$ 324,429	\$ 256,362
NMTC loan payable – loan payable to Florida Community Loan Fund as part of the New Market Tax Credit financing - See (I).	<u>8,022,000</u>	<u>8,022,000</u>
Subtotal	8,346,429	8,278,362
Less: current portion of long-term debt	(76,361)	(59,127)
Less: unamortized loan costs	<u>(468,920)</u>	<u>(484,771)</u>
Long-term debt, net	<u>\$ 7,801,148</u>	<u>\$ 7,734,464</u>

(I) NMTC loan

The Organization has a loan payable to the Florida Community Loan Fund (FCLF) as part of the New Market Tax Credit (NMTC) financing. The NMTC loan is a 27 year loan executed in April 2019. Interest is charged at a fixed annual rate of 1.31% and paid annually effective December 2019. The NMTC loan is interest only through December 2027. Principal payments are scheduled to begin in December 2027. The NMTC loan is collateralized by substantially all of the assets of the Foundation, the restricted cash held in escrow, and the construction assets acquired by the NMTC loan proceeds. Interest accrued on the NMTC loan totaled \$47,316 in each of the years ended September 30, 2023 and 2022.

Loan costs paid with the NMTC loan totaled \$538,929 and accumulated amortization at September 30, 2023 and 2022 was \$70,009 and \$54,158, respectively.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 9 – Long-term Debt, Continued

Principal maturities

Principal due on long-term debt in each of the five years subsequent to September 30, 2023, and thereafter, follows:

Year Ending September 30,	Amount
2024	\$ 76,361
2025	94,366
2026	92,007
2027	61,695
2028	249,580
Thereafter	7,772,420
Total	\$ 8,346,429

Note 10 – Description of Leasing Arrangements

The Organization has operating lease agreements for the rental of office space, recreational facilities, and land, expiring through May 2043. All operating lease agreements for recreational facilities and land requires annual rent of \$1 each. The office lease requires contingent rental payments of the Organization's proportionate share of the landlord's common area operating costs. The recreational facilities leases require the Organization to pay all costs of maintaining and repairing the leased premises and may generally be extended for an additional five to ten years. Total in-kind rent expense for the years ended September 30, 2023 and 2022 totaled \$1,041,088 and \$1,080,456, respectively.

Note 11 – 401(k) Safe Harbor Plan

The Organization maintains a Safe Harbor 401(k) profit sharing plan covering certain qualified employees in accordance with the provisions of Section 401(k) of the IRC. Under the plan, employees may elect to defer a portion of their salary, subject to IRS limits.

The Organization may make a safe harbor non-elective contribution in an amount equal to 3% of the eligible employee's compensation, which is allocated, to all eligible employees. The Organization may also make profit sharing contributions at its discretion which is allocated as defined by the plan, among all eligible employees. The Organization's contributions totaled \$156,703 and \$162,891 for the years ended September 30, 2023 and 2022, respectively.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 12 – Net Assets with Donor Restrictions

At September 30, 2023 and 2022, net assets with donor restrictions are available for the following purposes or periods:

	2023	2022
Purpose and time restrictions:		
Club:		
United Way allocation for next year	\$ 191,667	\$ 165,000
West Palm Beach land grant	286,024	286,024
Land under lease	1,800,061	1,852,602
Belle Glade Club grant	261,113	209,207
Club Buildings	339,953	393,871
Foundation:		
Capital campaigns	3,316,500	1,520,000
Club buildings	9,345,326	1,938,817
Warsaw Scholarship Fund	197,986	178,855
Leverage Lender:		
Belle Glade Teen Center	5,971,832	5,914,641
	21,710,462	12,459,017
Endowment funds with perpetual restrictions:		
Foundation:		
DeGeorge Club	3,006,600	3,006,600
Beneficial interest in assets held by Community Foundation	125,000	125,000
Belle Glade Endowment	6,051,403	5,405,974
Wellington Endowment	5,200,000	5,200,000
Delray Beach Club	1,031,151	1,031,151
	15,414,154	14,768,725
Total net assets with donor restrictions	\$ 37,124,616	\$ 27,227,742

Net assets are released from donor restrictions by the Organization incurring costs or expenses satisfying the restricted purposes or by the occurrence of events and passage of time as specified by the donors.

Net assets were released from donor restrictions during the years ended September 30, 2023 and 2022 for the following purposes:

	2023	2022
Purpose of restriction:		
Club:		
Time restrictions expired on United Way allocations	\$ 203,333	\$ 205,000
Land under lease	52,541	49,985
Belle Glade grant	86,594	58,034
Foundation:		
Scholarships and enterprise club	8,979	55,102
Capital campaign	556,000	480,000
Club buildings	134,256	845,080
	\$ 1,041,703	\$ 1,693,201

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 13 – Endowment

The Organization's endowment is established for the purposes expressed in the Organization's charter and consists of donor-restricted endowment funds and funds designated by the Board of Directors (the Board) to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted and Board designated endowments may fall below the level that the donor or Board requires the Organization to retain as a fund of perpetual duration. There were no such funds with deficiencies as of September 30, 2023 and 2022.

Interpretation of relevant law

The Organization adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). FUPMIFA requires the Board to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

The Board considers the following factors in making its determination:

- 1) The purpose of the Organization,
- 2) The intent of the donor of the endowment funds,
- 3) The term of the applicable instrument,
- 4) General economic conditions,
- 5) The possible effect of inflation or deflation,
- 6) The long-term and short-term needs of the Organization in carrying out its exempt purpose, and
- 7) Perpetuation of the endowment.

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 specified programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the assets are invested in a manner that is intended to produce results that exceed the price and yield results of multiple benchmarks based on the type of investment, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return that will meet its spending rate plus the inflation rate. Actual returns in any given year may vary from this amount.

Strategies employed to achieve 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 allocation of the investments to achieve its long-term return objectives within prudent risk constraints.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 13 – Endowment, Continued

Spending policy

The Organization’s spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. Over the long-term, the spending policy is designed to return a net positive gain in the market value (growth) after spendable transfers. The Organization expects the current spending policy to allow its endowment to grow at an average annual rate consistent with the Organization’s objective to preserve and strengthen its endowment for the future.

Beneficial interest in assets held by Community Foundation

The Organization has an agreement with the Community Foundation of Palm Beach and Martin Counties (the Community Foundation) whereby an agency endowment fund was established totaling \$100,000. Under the terms of the agreement, the Organization may make irrevocable transfers to the Community Foundation to be maintained in perpetuity. Annual distributions of income and capital appreciation from the fund are subject to the Community Foundation’s spending policy and are to be used to fulfill the purposes of the Organization.

Changes in endowment net assets for the year ended September 30, 2023 are presented as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2022	\$ -	\$ 14,768,725	\$ 14,768,725
Net investment return	-	1,388,323	1,388,323
Transfers	-	(1,042,894)	(1,042,894)
Contributions	-	300,000	300,000
Endowment net assets, September 30, 2023	\$ -	\$ 15,414,154	\$ 15,414,154

Note 14 – New Market Tax Credit

The Organization entered into a NMTC financing transaction to partially fund the construction of the Belle Glade Teen Center. The NMTC program is designed to spur new or increased investment 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 NMTC Investor must remain invested for a seven-year period, which will end in 2026 for the Organization’s project.

As part of the financing arrangement, the Foundation issued a \$5,719,080 note receivable to the Investment Fund (Note 4). The Investment Fund in turn made an investment in FCNMF 28, LLC (FCNMF) and holds a 99.99% investment interest in FCNMF. FCNMF made a \$8,022,000 loan to the Organization’s project (Note 9).

As part of this financing arrangement, the Organization entered into a put and call agreement (Agreement) to take place at the end of the seven-year tax credit period. Under the Agreement, the NMTC Investor can exercise a put option to sell all interests in the Investment Fund to the Organization for \$1,000. If the NMTC Investor does not exercise that 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.

Leverage Lender received an initial contribution from the Foundation in the amount of \$5,719,080 and in turn, Leverage Lender made a loan (Note 4) to the Investment Fund. The transactions between the Foundation and Leverage Lender eliminate in consolidation.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 15 – Commitments and Contingencies

Grantor agencies

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

Legal matters

From time to time, the Organization is a party to certain legal and regulatory proceedings with respect to a variety of matters. The Organization evaluates the likelihood of an unfavorable outcome of all legal regulatory proceedings to which it is a party and accrues a loss contingency when the loss is probable and reasonably estimable. These judgments are subjective based on the status of the legal or regulatory proceedings, the merits of its defenses and consultation with external legal counsel. Legal costs are expensed as incurred and recorded in general and administration expenses.

Management believes that the final resolution of these matters will not have a material adverse effect on the Organization's financial position, cash flows, or results of operations.

Note 16 – Concentrations of Credit Risk

For the years ended September 30, 2023 and 2022, approximately 19% of the Organization's total support and revenue is provided through grants with the State of Florida. For the years ended September 30, 2023 and 2022, approximately 18% and 5%, respectively, of the Organization's support and revenue is provided through grant programs with Family Central, a pass-through agency for the Children's Services Council of Palm Beach County.

The Organization maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. Cash and cash equivalents exceeded the FDIC insured limit by \$12,024,773 and \$13,338,846 as of September 30, 2023 and 2022, respectively. The Organization has not experienced any losses in such accounts.

Note 17 – Related Party Transactions

The Organization is an affiliate of the Boys & Girls Clubs of America. The Club's programs are sanctioned by the Boys & Girls Clubs of America, although its operations and management are independent of the national organization. At September 30, 2023 and 2022, there were no grants receivable from the Boys & Girls Clubs of America. For the years ended September 30, 2023 and 2022, grant revenues from the Boys & Girls Clubs of America amounted to \$122,118 and \$140,952, respectively.

Note 18 – Subsequent Events

Management evaluated activity of the Organization subsequent to September 30, 2023 through January 26, 2024, the date the consolidated financial statements were available to be issued, for events that require recognition in the consolidated financial statements or disclosure in the notes thereto.

SUPPLEMENTARY INFORMATION

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2023

Federal grantor/program title	Grant Period	Federal CFDA Number	Passthrough Grantor's Identifying Number	Total Program Expenditures
U.S. Department of Justice:				
Passed through:				
Boys and Girls Clubs of America, Inc.				
Mentoring Programs Implementation	1/1/23-9/30/23	16.726	OJP 2022	\$ <u>122,120</u>
Total Mentoring Programs Implementation				<u>122,120</u>
U.S. Department of Housing and Urban Development:				
Passed through:				
City of Boca Raton				
Community Development Block Grant	10/1/21-9/30/22	14.218	FY2020-21	<u>29,350</u>
Total Community Development Block Grant				<u>29,350</u>
U.S. Department of Education:	10/1/21-9/30/22	84.215K		<u>349,356</u>
Passed through:				
Florida Department of Education				
Twenty-first Century Community Learning Centers	8/1/22-7/31/23	84.287	PCC1	342,718
	8/1/22-7/31/23	84.287	PCC2	415,976
	8/1/22-7/31/23	84.287	PCC3	422,418
	8/1/22-7/31/23	84.287	PCC4	203,251
	8/1/22-7/31/23	84.287	PCC5	337,786
	8/1/22-7/31/23	84.287	PCC6	307,381
	8/1/22-7/31/23	84.287	PCC7	273,598
	8/1/22-7/31/23	84.287	PCC9	460,441
	8/1/22-7/31/23	84.287	PC12	464,394
	8/1/22-7/31/23	84.287	PC13	470,133
	8/1/22-7/31/23	84.287	PC14	586,239
	8/1/22-7/31/23	84.287	PC15	650,663
	8/1/22-7/31/23	84.287	PC16	175,977
	8/1/22-7/31/23	84.287	PC17	417,233
	8/1/22-7/31/23	84.287	PC18	208,298
	8/1/22-7/31/23	84.287	PC20	253,076
	8/1/22-7/31/23	84.287	PC22	653,384
	8/1/22-7/31/23	84.287	PC23	577,224
	8/1/22-7/31/23	84.287	PC24	<u>355,609</u>
Total Twenty-first Century Community Learning Centers				<u>7,575,799</u>
Total expenditures of federal awards				<u>\$ 8,076,625</u>

See notes to schedule of expenditures of federal awards.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of Presentation

The purpose of the accompanying schedule of expenditures of federal awards (the Schedule) is to present, in summary form, total federal award financial assistance expenditures of the Boys & Girls Clubs of Palm Beach County, Inc. (the Organization) under programs of the federal government for the year ended September 30, 2023. The Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, certain amounts presented in this Schedule may differ from amounts presented in the basic consolidated financial statements.

Note 2 – Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The reimbursement of indirect costs reflected in the accompanying consolidated financial statements as federal grant revenue is subject to final approval by federal grantor agencies and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to the Organization's financial position or changes in net assets.

Note 4 – Contingency

The grant revenue amounts received or receivable are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement by the grantor agency would become a liability to the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements, and applicable federal laws and regulations.

CONSOLIDATING INFORMATION

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

September 30, 2023

	Boys and Girls Clubs of Palm Beach County, Inc.			Boys & Girls Clubs of Palm Beach County Foundation, Inc.		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
ASSETS						
Current assets:						
Cash, cash equivalents, and restricted cash	\$ 268,970	\$ 339,952	\$ 608,922	\$ 4,438,956	\$ 7,536,007	\$ 11,974,963
Investments	-	-	-	13,207,308	18,066,564	31,273,872
Grant and accounts receivable, net	2,276,774	191,667	2,468,441	-	-	-
Current portion of unconditional promises to give, net	-	-	-	-	346,694	346,694
Due from the Foundation	72,892	-	72,892	-	-	-
Prepaid expenses	904,592	-	904,592	-	-	-
Total current assets	3,523,228	531,619	4,054,847	17,646,264	25,949,265	43,595,529
Property and equipment, net	16,816,893	2,347,198	19,164,091	68,740	-	68,740
Unconditional promises to give, net of current portion	-	-	-	-	2,199,701	2,199,701
Note receivable - New Market Tax Credit	-	-	-	-	-	-
Beneficial interest in assets held by Community Foundation	-	-	-	55,799	125,001	180,800
Other assets	107,579	-	107,579	-	-	-
Total assets	\$ 20,447,700	\$ 2,878,817	\$ 23,326,517	\$ 17,770,803	\$ 28,273,967	\$ 46,044,770
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable and accrued expenses	\$ 1,295,110	\$ -	\$ 1,295,110	\$ -	\$ -	\$ -
Due to the Clubs	-	-	-	72,892	-	72,892
Current portion of long-term debt	76,361	-	76,361	-	-	-
Deferred revenue	1,096,651	-	1,096,651	-	-	-
Total current liabilities	2,468,122	-	2,468,122	72,892	-	72,892
Long-term debt, net	7,801,148	-	7,801,148	-	-	-
Total liabilities	10,269,270	-	10,269,270	72,892	-	72,892
Net assets:						
Without donor restrictions	10,178,430	-	10,178,430	17,697,911	-	17,697,911
With donor restrictions	-	2,878,817	2,878,817	-	28,273,967	28,273,967
Total net assets	10,178,430	2,878,817	13,057,247	17,697,911	28,273,967	45,971,878
Total liabilities and net assets	\$ 20,447,700	\$ 2,878,817	\$ 23,326,517	\$ 17,770,803	\$ 28,273,967	\$ 46,044,770

Boys & Girls Clubs of Palm Beach
County Leverage Lender, Inc.

Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.			Consolidated			
Without Donor Restrictions	With Donor Restrictions	Total	Eliminating	Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ 209,858	\$ 209,858	\$ -	\$ 4,707,926	\$ 8,085,817	\$ 12,793,743
-	-	-	-	13,207,308	18,066,564	31,273,872
-	-	-	-	2,276,774	191,667	2,468,441
-	-	-	-	-	346,694	346,694
-	-	-	(72,892)	-	-	-
-	-	-	-	904,592	-	904,592
-	209,858	209,858	(72,892)	21,096,600	26,690,742	47,787,342
-	-	-	-	16,885,633	2,347,198	19,232,831
-	-	-	-	-	2,199,701	2,199,701
-	5,761,974	5,761,974	-	-	5,761,974	5,761,974
-	-	-	-	55,799	125,001	180,800
-	-	-	-	107,579	-	107,579
<u>\$ -</u>	<u>\$ 5,971,832</u>	<u>\$ 5,971,832</u>	<u>\$ (72,892)</u>	<u>\$ 38,145,611</u>	<u>\$ 37,124,616</u>	<u>\$ 75,270,227</u>

\$ -	\$ -	\$ -	\$ -	\$ 1,295,110	\$ -	\$ 1,295,110
-	-	-	(72,892)	-	-	-
-	-	-	-	76,361	-	76,361
-	-	-	-	1,096,651	-	1,096,651
-	-	-	(72,892)	2,468,122	-	2,468,122
-	-	-	-	7,801,148	-	7,801,148
-	-	-	(72,892)	10,269,270	-	10,269,270
-	-	-	-	27,876,341	-	27,876,341
-	5,971,832	5,971,832	-	-	37,124,616	37,124,616
-	5,971,832	5,971,832	-	27,876,341	37,124,616	65,000,957
<u>\$ -</u>	<u>\$ 5,971,832</u>	<u>\$ 5,971,832</u>	<u>\$ (72,892)</u>	<u>\$ 38,145,611</u>	<u>\$ 37,124,616</u>	<u>\$ 75,270,227</u>

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

September 30, 2022

	Boys and Girls Clubs of Palm Beach County, Inc.			Boys & Girls Clubs of Palm Beach County Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Current assets:						
Cash, cash equivalents and restricted cash	\$ 2,225,679	\$ 393,871	\$ 2,619,550	\$ 10,959,465	\$ 354,060	\$ 11,313,525
Investments	-	-	-	506,425	16,536,789	17,043,214
Grant and accounts receivable, net	992,284	165,000	1,157,284	-	-	-
Current portion of unconditional promises to give, net	-	-	-	-	370,300	370,300
Due from the Foundation	-	-	-	-	-	-
Prepaid expenses	589,263	-	589,263	-	-	-
Total current assets	3,807,226	558,871	4,366,097	11,465,890	17,261,149	28,727,039
Property and equipment, net	17,118,907	2,526,688	19,645,595	-	-	-
Unconditional promises to give net of current portion	-	-	-	-	841,393	841,393
Note receivable - New Market Tax Credit	-	-	-	-	-	-
Beneficial interest in assets held by Community Foundation	-	-	-	49,614	125,000	174,614
Other assets	118,629	-	118,629	-	-	-
Total assets	<u>\$ 21,044,762</u>	<u>\$ 3,085,559</u>	<u>\$ 24,130,321</u>	<u>\$ 11,515,504</u>	<u>\$ 18,227,542</u>	<u>\$ 29,743,046</u>
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable and accrued expenses	\$ 1,222,916	\$ -	\$ 1,222,916	\$ -	\$ -	\$ -
Due to the Clubs	-	-	-	-	-	-
Current portion of long-term debt	59,127	-	59,127	-	-	-
Deferred revenue	3,633,100	-	3,633,100	-	-	-
Total current liabilities	4,915,143	-	4,915,143	-	-	-
Long-term debt, net	7,734,464	-	7,734,464	-	-	-
Total liabilities	12,649,607	-	12,649,607	-	-	-
Net assets:						
Without donor restrictions	8,395,155	-	8,395,155	11,515,504	-	11,515,504
With donor restrictions	-	3,085,559	3,085,559	-	18,227,542	18,227,542
Total net assets	8,395,155	3,085,559	11,480,714	11,515,504	18,227,542	29,743,046
Total liabilities and net assets	<u>\$ 21,044,762</u>	<u>\$ 3,085,559</u>	<u>\$ 24,130,321</u>	<u>\$ 11,515,504</u>	<u>\$ 18,227,542</u>	<u>\$ 29,743,046</u>

Boys & Girls Clubs of Palm Beach
County Leverage Lender, Inc.

Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.			Consolidated			
Without Donor Restrictions	With Donor Restrictions	Total	Eliminating	Without Donor Unrestricted	With Donor Restricted	Total
\$ -	\$ 152,667	\$ 152,667	\$ -	\$ 13,185,144	\$ 900,598	\$ 14,085,742
-	-	-	-	506,425	16,536,789	17,043,214
-	-	-	-	992,284	165,000	1,157,284
-	-	-	-	-	370,300	370,300
-	-	-	-	-	-	-
-	-	-	-	589,263	-	589,263
-	152,667	152,667	-	15,273,116	17,972,687	33,245,803
-	-	-	-	17,118,907	2,526,688	19,645,595
-	-	-	-	-	841,393	841,393
-	5,761,974	5,761,974	-	-	5,761,974	5,761,974
-	-	-	-	49,614	125,000	174,614
-	-	-	-	118,629	-	118,629
<u>\$ -</u>	<u>\$ 5,914,641</u>	<u>\$ 5,914,641</u>	<u>\$ -</u>	<u>\$ 32,560,266</u>	<u>\$ 27,227,742</u>	<u>\$ 59,788,008</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,222,916	\$ -	\$ 1,222,916
-	-	-	-	-	-	-
-	-	-	-	59,127	-	59,127
-	-	-	-	3,633,100	-	3,633,100
-	-	-	-	4,915,143	-	4,915,143
-	-	-	-	7,734,464	-	7,734,464
-	-	-	-	12,649,607	-	12,649,607
-	-	-	-	19,910,659	-	19,910,659
-	5,914,641	5,914,641	-	-	27,227,742	27,227,742
-	5,914,641	5,914,641	-	19,910,659	27,227,742	47,138,401
<u>\$ -</u>	<u>\$ 5,914,641</u>	<u>\$ 5,914,641</u>	<u>\$ -</u>	<u>\$ 32,560,266</u>	<u>\$ 27,227,742</u>	<u>\$ 59,788,008</u>

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

	Boys & Girls Clubs of Palm Beach County, Inc.			Boys & Girls Clubs of Palm Beach County Foundation, Inc.		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
Revenues and support:						
Contributions and grants	\$ 6,716,126	\$ 251,165	\$ 6,967,291	\$ -	9,317,129	\$ 9,317,129
Federal, state and local government grants	15,638,035	-	15,638,035	-	-	-
Special events, net of direct expenses	3,993,383	-	3,993,383	-	-	-
Program revenue	256,692	-	256,692	-	-	-
Donated facilities	1,080,005	-	1,080,005	-	-	-
Donated utilities	122,196	-	122,196	-	-	-
Donated food and other	1,964,216	-	1,964,216	-	-	-
Other	138,068	-	138,068	-	-	-
Total revenues and support before net assets released from donor restrictions	29,908,721	251,165	30,159,886	-	9,317,129	9,317,129
Net assets released from restrictions	343,072	(343,072)	-	698,631	(698,631)	-
Total revenue and support	30,251,793	(91,907)	30,159,886	698,631	8,618,498	9,317,129
Expenses:						
Program services:						
Character and leadership development	2,742,490	-	2,742,490	-	-	-
Education and career development	4,156,698	-	4,156,698	-	-	-
Sports, fitness and recreation	5,275,988	-	5,275,988	-	-	-
Technology	2,691,403	-	2,691,403	-	-	-
Health and life skills	2,110,860	-	2,110,860	-	-	-
Cultural arts	3,367,159	-	3,367,159	-	-	-
Total program services	20,344,598	-	20,344,598	-	-	-
Management and general	1,343,101	-	1,343,101	375,313	-	375,313
Fundraising	1,159,000	-	1,159,000	-	-	-
Total expenses	22,846,699	-	22,846,699	375,313	-	375,313
Change in net assets before non-operating activities	7,405,094	(91,907)	7,313,187	323,318	8,618,498	8,941,816
Transfer of assets	(5,250,960)	(114,835)	(5,365,795)	5,584,893	(219,098)	5,365,795
Net investment return (loss)	1,144	-	1,144	268,010	1,647,025	1,915,035
Net unrealized gain (loss) on beneficial interest in assets held by Community Foundation	-	-	-	6,186	-	6,186
Interest expense	(212,502)	-	(212,502)	-	-	-
Loss on disposal of property and equipment	(159,501)	-	(159,501)	-	-	-
Change in net assets	1,783,275	(206,742)	1,576,533	6,182,407	10,046,425	16,228,832
Net assets - beginning of year	8,395,155	3,085,559	11,480,714	11,515,504	18,227,542	29,743,046
Net assets - end of year	\$ 10,178,430	\$ 2,878,817	\$ 13,057,247	\$ 17,697,911	\$ 28,273,967	\$ 45,971,878

Boys & Girls Clubs of Palm Beach
County Leverage Lender, Inc.

Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.			Consolidated			
Without Donor Restrictions	With Donor Restrictions	Total	Eliminating	Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ -	\$ -	\$ -	\$ 6,716,126	\$ 9,568,294	\$ 16,284,420
-	-	-	-	15,638,035	-	15,638,035
-	-	-	-	3,993,383	-	3,993,383
-	-	-	-	256,692	-	256,692
-	-	-	-	1,080,005	-	1,080,005
-	-	-	-	122,196	-	122,196
-	-	-	-	1,964,216	-	1,964,216
-	57,191	57,191	-	138,068	57,191	195,259
-	57,191	57,191	-	29,908,721	9,625,485	39,534,206
-	-	-	-	1,041,703	(1,041,703)	-
-	57,191	57,191	-	30,950,424	8,583,782	39,534,206
-	-	-	-	2,742,490	-	2,742,490
-	-	-	-	4,156,698	-	4,156,698
-	-	-	-	5,275,988	-	5,275,988
-	-	-	-	2,691,403	-	2,691,403
-	-	-	-	2,110,860	-	2,110,860
-	-	-	-	3,367,159	-	3,367,159
-	-	-	-	20,344,598	-	20,344,598
-	-	-	-	1,718,414	-	1,718,414
-	-	-	-	1,159,000	-	1,159,000
-	-	-	-	23,222,012	-	23,222,012
-	57,191	57,191	-	7,728,412	8,583,782	16,312,194
-	-	-	-	333,933	(333,933)	-
-	-	-	-	269,154	1,647,025	1,916,179
-	-	-	-	6,186	-	6,186
-	-	-	-	(212,502)	-	(212,502)
-	-	-	-	(159,501)	-	(159,501)
-	57,191	57,191	-	7,965,682	9,896,874	17,862,556
-	5,914,641	5,914,641	-	19,910,659	27,227,742	47,138,401
\$ -	\$ 5,971,832	\$ 5,971,832	\$ -	\$ 27,876,341	\$ 37,124,616	\$ 65,000,957

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

	Boys & Girls Clubs of Palm Beach County, Inc.			Boys & Girls Clubs of Palm Beach County Foundation, Inc.		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
Revenues and support:						
Contributions and grants	\$ 5,452,544	\$ 519,194	\$ 5,971,738	\$ -	\$ 8,006,144	\$ 8,006,144
Federal, state and local government grant	7,757,533	-	7,757,533	-	-	-
Special events, net of direct expenses	4,644,106	-	4,644,106	-	-	-
Program revenue	365,288	-	365,288	-	-	-
Donated facilities	1,124,487	-	1,124,487	-	-	-
Donated utilities	122,196	-	122,196	-	-	-
Donated food and other	1,681,053	-	1,681,053	-	-	-
Other	179,724	-	179,724	84,304	-	84,304
Conditional loan forgiveness	24,185	-	24,185	-	-	-
Total revenues and support	21,351,116	519,194	21,870,310	84,304	8,006,144	8,090,448
Net assets released from restrictions	368,121	(368,121)	-	1,325,080	(1,325,080)	-
	<u>21,719,237</u>	<u>151,073</u>	<u>21,870,310</u>	<u>1,409,384</u>	<u>6,681,064</u>	<u>8,090,448</u>
Expenses:						
Program services:						
Character and leadership development	2,239,941	-	2,239,941	-	-	-
Education and career development	3,394,371	-	3,394,371	-	-	-
Sports, fitness and recreation	4,307,575	-	4,307,575	-	-	-
Technology	2,196,864	-	2,196,864	-	-	-
Health and life skills	1,723,030	-	1,723,030	-	-	-
Cultural arts	2,748,234	-	2,748,234	-	-	-
Total program services	16,610,015	-	16,610,015	-	-	-
Management and general	1,402,523	-	1,402,523	206,185	-	206,185
Fundraising	945,865	-	945,865	-	-	-
Total expenses	18,958,403	-	18,958,403	206,185	-	206,185
Change in net assets before non-operating activities	2,760,834	151,073	2,911,907	1,203,199	6,681,064	7,884,263
Transfer of assets	(5,744,277)	257,798	(5,486,479)	3,832,129	1,654,350	5,486,479
Net investment return (loss)	305	-	305	(673,827)	(2,601,366)	(3,275,193)
Net unrealized gain (loss) on beneficial interest in assets held by Community Foundation	-	-	-	(21,093)	-	(21,093)
Interest expense	(242,579)	-	(242,579)	-	-	-
Change in net assets	(3,225,717)	408,871	(2,816,846)	4,340,408	5,734,048	10,074,456
Net assets - beginning of year	11,620,872	2,676,688	14,297,560	7,175,096	12,493,494	19,668,590
Net assets - end of year	\$ 8,395,155	\$ 3,085,559	\$ 11,480,714	\$ 11,515,504	\$ 18,227,542	\$ 29,743,046

Boys & Girls Clubs of Palm Beach
County Leverage Lender, Inc.

Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.			Consolidated			
Without Donor Restrictions	With Donor Restrictions	Total	Eliminating	Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ -	\$ -	\$ -	\$ 5,452,544	\$ 8,525,338	\$ 13,977,882
-	-	-	-	7,757,533	-	7,757,533
-	-	-	-	4,644,106	-	4,644,106
-	-	-	-	365,288	-	365,288
-	-	-	-	1,124,487	-	1,124,487
-	-	-	-	122,196	-	122,196
-	-	-	-	1,681,053	-	1,681,053
-	57,191	57,191	-	264,028	57,191	321,219
-	-	-	-	24,185	-	24,185
-	57,191	57,191	-	21,435,420	8,582,529	30,017,949
-	-	-	-	1,693,201	(1,693,201)	-
-	57,191	57,191	-	23,128,621	6,889,328	30,017,949
-	-	-	-	2,239,941	-	2,239,941
-	-	-	-	3,394,371	-	3,394,371
-	-	-	-	4,307,575	-	4,307,575
-	-	-	-	2,196,864	-	2,196,864
-	-	-	-	1,723,030	-	1,723,030
-	-	-	-	2,748,234	-	2,748,234
-	-	-	-	16,610,015	-	16,610,015
-	-	-	-	1,608,708	-	1,608,708
-	-	-	-	945,865	-	945,865
-	-	-	-	19,164,588	-	19,164,588
-	57,191	57,191	-	3,964,033	6,889,328	10,853,361
-	-	-	-	(1,912,148)	1,912,148	-
-	-	-	-	(673,522)	(2,601,366)	(3,274,888)
-	-	-	-	(21,093)	-	(21,093)
-	-	-	-	(242,579)	-	(242,579)
-	57,191	57,191	-	1,114,691	6,200,110	7,314,801
-	5,857,450	5,857,450	-	18,795,968	21,027,632	39,823,600
\$ -	\$ 5,914,641	\$ 5,914,641	\$ -	\$ 19,910,659	\$ 27,227,742	\$ 47,138,401



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*

Boards of Directors
Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates
West Palm Beach, Florida

We have audited, 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, the consolidated financial statements of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates (a nonprofit Organization) (the Organization), which comprise the consolidated statement of financial position as of September 30, 2023, 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, and have issued our report thereon dated January 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's 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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Templeton & Company, LLP

West Palm Beach, Florida
January 26, 2024



Independent Auditors' Report on Compliance Requirements for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Boards of Directors
Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates
West Palm Beach, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2023. 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 September 30, 2023.

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* (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 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.

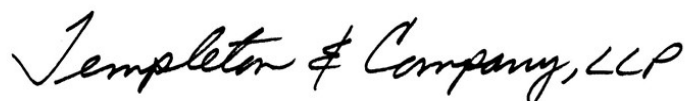
Report on Internal Control over Compliance

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

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



West Palm Beach, Florida
January 26, 2024

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023**

Part I – Summary of Auditor's Results:

Financial statement section:

Type of auditors' report issued. Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal programs section:

Dollar threshold used to determine Type A Program.	\$750,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor's report on compliance for major programs.	Unmodified

Internal control over compliance for major federal programs:

Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.287	Twenty-first Century Community Learning Centers

Part II – Financial Statement Findings and Questioned Costs

We noted no material weaknesses or instances of noncompliance related to the consolidated financial statements that are required to be reported in accordance with Government Auditing Standards.

Part III – Federal Program Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance as well as the status of prior year findings and questioned costs.

Current Year's Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance, were reported for the year ended September 30, 2023.

Prior Year Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance, were reported for the year ended September 30, 2022.