BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

Board of Directors
Boys & Girls Clubs of the Suncoast, Inc. and Affiliate
Clearwater, Florida

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of the Suncoast, Inc. (the Club), and Boys & Girls Clubs of the Suncoast Foundation, Inc. (the Foundation or the Affiliate), (collectively, the Organization), which comprise the consolidated statements of financial position as of June 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 referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2023 and 2022, and the 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, in 2023 the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing 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 Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating statement of financial position, consolidating statement of activities and the accompanying schedule of expenditures of federal awards are 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 December 19, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
December 19, 2023

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 545,504	$ 457,003
Contributions and Grants Receivable	838,344	1,009,540
In-Kind Lease Receivable	286,770	27,486
Prepaid Expenses	66,182	80,657
Custodial Funds Held for Others	2,968	2,968
Cash Restricted for Capital Improvements	6,223	6,223
Total Current Assets	1,745,991	1,583,877
NONCURRENT ASSETS		
Property and Equipment, Net	1,949,695	1,966,129
In-Kind Lease Receivable, Long-Term Portion	304,938	-
Operating Right of Use Assets, Net	82,336	-
Financing Right of Use Assets, Net	7,348	-
Total Noncurrent Assets	2,344,317	1,966,129
Total Assets	$ 4,090,308	$ 3,550,006
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 190,505	$ 101,466
Accrued Expenses	295,739	291,804
Employee Retention Credit Reserve	120,886	-
Custodial Accounts	2,968	2,968
Operating Lease Obligation, Current Portion	42,834	-
Finance Lease Obligation, Current Portion	4,889	4,721
Total Current Liabilities	657,821	400,959
NONCURRENT LIABILITIES		
Operating Lease Obligation, Long-term Portion	41,094	-
Finance Lease Obligation, Long-Term Portion	4,578	8,669
Total Noncurrent Liabilities	45,672	8,669
Total Liabilities	703,493	409,628
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,041,434	2,753,396
Board-Designated - Royal Theater	105,993	105,993
With Donor Restrictions	1,239,388	280,989
Total Net Assets	3,386,815	3,140,378
Total Liabilities and Net Assets	$ 4,090,308	$ 3,550,006

See accompanying Notes to Consolidated Financial Statements.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions	$ 590,243	$ 91,061	$ 681,304
In-Kind Contributions	300,640	1,178,515	1,479,155
Grants	4,438,785	2,122,191	6,560,976
United Way	200,787	105,000	305,787
Total Support	5,530,455	3,496,767	9,027,222
Special Fundraising Events Revenue	346,702	-	346,702
Less: Fundraising Events Expense	(110,829)	-	(110,829)
Net Special Fundraising Events	235,873	-	235,873
Revenue:			
Membership Dues	17,725	-	17,725
Program Revenue	41,777	-	41,777
Other Revenue	90,947	-	90,947
Total Revenue	150,449	-	150,449
Net Assets Released from Donor Restrictions	2,538,368	(2,538,368)	-
Total Support and Revenue	8,455,145	958,399	9,413,544
EXPENSES			
Program Services - Youth Development	7,187,134	-	7,187,134
Management and General	1,454,812	-	1,454,812
Fundraising	525,161	-	525,161
Total Expenses	9,167,107	-	9,167,107
CHANGE IN NET ASSETS	(711,962)	958,399	246,437
Net Assets - Beginning of Year	2,859,389	280,989	3,140,378
NET ASSETS - END OF YEAR	$ 2,147,427	$ 1,239,388	$ 3,386,815

See accompanying Notes to Consolidated Financial Statements.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions	$ 573,658	$ 328,547	$ 902,205
In-Kind Contributions	51,382	52,200	103,582
Grants	3,083,601	1,239,885	4,323,486
United Way	320,000	110,000	430,000
Total Support	4,028,641	1,730,632	5,759,273
Special Fundraising Events Revenue	370,179	-	370,179
Less: Fundraising Events Expense	(135,003)	-	(135,003)
Net Special Fundraising Events	235,176	-	235,176
Revenue:			
Membership Dues	11,180	-	11,180
Program Revenue	50,113	-	50,113
Other Revenue	50,818	-	50,818
Total Revenue	112,111	-	112,111
Net Assets Released from Restrictions	1,688,532	(1,688,532)	-
Total Support and Revenue	6,064,460	42,100	6,106,560
EXPENSES			
Program Services - Youth Development	5,011,484	-	5,011,484
Management and General	869,513	-	869,513
Fundraising	278,146	-	278,146
Total Expenses	6,159,143	-	6,159,143
CHANGE IN NET ASSETS	(94,683)	42,100	(52,583)
Net Assets - Beginning of Year	2,954,072	238,889	3,192,961
NET ASSETS - END OF YEAR	$ 2,859,389	$ 280,989	$ 3,140,378

See accompanying Notes to Consolidated Financial Statements.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

		Supporting Services				
	Program Services	Management and General	Fundraising	Cost of Donor Benefit	Total Support Services	Total
Salaries and Related Expenses:						
Salaries	$ 3,023,711	$ 901,977	$ 401,041	$ -	$ 1,303,018	$ 4,326,729
Employee Benefits	271,145	80,883	35,962	-	116,845	387,990
Payroll Taxes	250,233	74,645	33,189	-	107,834	358,067
Total Salaries and Related Expenses	3,545,089	1,057,505	470,192	-	1,527,697	5,072,786
Other Expenses:						
Contracted Transportation	445,016	-	-	-	-	445,016
Depreciation	255,163	5,999	-	-	5,999	261,162
Information Technology	83,610	24,941	11,089	-	36,030	119,640
In-Kind Expenses	914,933	-	-	-	-	914,933
Insurance	80,698	24,072	10,703	-	34,775	115,473
Interest Expense	-	339	-	-	339	339
Membership Dues	11,775	-	-	-	-	11,775
National and State Dues	4,278	1,276	567	-	1,843	6,121
Occupancy	307,858	7,247	-	-	7,247	315,105
Other Expenses	94,440	148,489	5,135	-	153,624	248,064
Printing and Publications	10,409	3,105	1,381	-	4,486	14,895
Professional Fees	142,341	68,711	7,489	-	76,200	218,541
Special Events Expenses	-	-	-	110,829	110,829	110,829
Supplies	817,659	71,284	-	-	71,284	888,943
Travel and Training	140,276	41,844	18,605	-	60,449	200,725
Vehicle Expenses	171,733	-	-	-	-	171,733
Youth Development	161,856	-	-	-	-	161,856
Total Other Expenses	3,642,045	397,307	54,969	110,829	563,105	4,205,150
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Fundraising Events Expense	-	-	-	(110,829)	(110,829)	(110,829)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 7,187,134	$ 1,454,812	$ 525,161	$ -	$ 1,979,973	$ 9,167,107

See accompanying Notes to Consolidated Financial Statements.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

		Supporting Services				
	Program Services	Management and General	Fundraising	Cost of Donor Benefit	Total Support Services	Total
Salaries and Related Expenses:						
Salaries	$2,349,973	$ 546,361	$ 207,990	$ -	$ 754,351	$3,104,324
Employee Benefits	176,216	40,970	15,596	-	56,566	232,782
Payroll Taxes	179,767	41,795	15,911	-	57,706	237,473
Total Salaries and Related Expenses	2,705,956	629,126	239,497	-	868,623	3,574,579
Other Expenses:						
Contracted Transportation	263,654	-	-	-	-	263,654
Depreciation	251,993	5,932	-	-	5,932	257,925
Information Technology	151,132	35,138	13,376	-	48,514	199,646
In-Kind Expenses	179,965	-	-	-	-	179,965
Insurance	54,834	12,749	4,853	-	17,602	72,436
Interest Expense	-	556	-	-	556	556
Membership Dues	14,279	-	-	-	-	14,279
National and State Dues	13,360	3,106	1,182	-	4,288	17,648
Occupancy	268,940	6,331	-	-	6,331	275,271
Other Expenses	61,145	14,217	5,412	-	19,629	80,774
Printing and Publications	12,195	2,835	1,079	-	3,914	16,109
Professional Fees	159,938	77,084	5,648	-	82,732	242,670
Special Events Expenses	-	-	-	135,003	135,003	135,003
Supplies	657,503	63,790	-	-	63,790	721,293
Travel and Training	80,213	18,649	7,099	-	25,748	105,961
Vehicle Expenses	95,860	-	-	-	-	95,860
Youth Development	40,517	-	-	-	-	40,517
Total Other Expenses	2,305,528	240,387	38,649	135,003	414,039	2,719,567
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Fundraising Events Expense	-	-	-	(135,003)	(135,003)	(135,003)
Total Expenses Included in the Expense Section of the Statement of Activities	$5,011,484	$ 869,513	$ 278,146	$ -	$ 1,147,659	$6,159,143

See accompanying Notes to Consolidated Financial Statements.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 246,437	$ (52,583)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Amortization of Financing Right of Use Assets	4,899	-
Depreciation	256,263	257,925
Gain on Sale of Property and Equipment	-	(13,104)
In-Kind Lease Receivable	(564,222)	76,383
Grants Restricted for Capital Improvements	(49,662)	(150,241)
Noncash lease expense	1,592	-
Change in Operating Assets and Liabilities:		
Contributions and Grants Receivable	171,196	(452,217)
Prepaid Expenses	14,475	(71,282)
Accounts Payable	89,039	(71,391)
Accrued Expenses	3,935	142,196
Employee Retention Credit Reserve	120,886	-
Custodial Accounts	-	(8,393)
Net Cash Provided (Used) by Operating Activities	294,838	(342,707)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(252,076)	(250,219)
Proceeds on Sale of Property and Equipment	-	13,500
Net Cash Used by Investing Activities	(252,076)	(236,719)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants Restricted for Capital Improvements	49,662	150,241
Payments on Finance Lease Obligation	(3,923)	(4,559)
Net Cash Provided by Financing Activities	45,739	145,682
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	88,501	(433,744)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	466,194	899,938
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 554,695	$ 466,194
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash During the Year for:		
Interest	$ 339	$ 556

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Boys & Girls Clubs of the Suncoast, Inc. (the Club) is a nonprofit organization incorporated in the state of Florida on December 20, 1991. The Organization operated originally as The Boys Organizations and was incorporated in the state of Florida on May 20, 1970. The Club's mission is to help youth of all backgrounds, with special emphasis on helping those from disadvantaged circumstances, whether social, economic, educational, physical, or cultural, to develop the qualities needed to become responsible citizens and leaders. The Club's programs and activities are dedicated to promoting leadership, character, health, and career development, while emphasizing social, cultural, and educational growth. The Club is supported primarily through private donor contributions, grants, and contracts from government agencies.

The Club's controlled affiliate is the Boys & Girls Clubs of the Suncoast Foundation, Inc. (the Foundation) is a nonprofit organization incorporated in the state of Florida on April 1, 2005. The Foundation was created to support the mission of the Club.

Principles of Consolidation

The consolidated financial statements include the accounts of the Club and the Foundation (collectively, referred to hereinafter as the Organization). The Organizations have been consolidated due to the presence of common control and economic interest as required under U.S. GAAP. All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of one year or less when purchased to be cash equivalents. The Organization places its cash with high quality financial institutions. At times, cash may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. The Organization has not experienced any losses in such accounts.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	2023	2022
Cash and Cash Equivalents	$ 545,504	$ 457,003
Custodial Funds Held for Others	2,968	2,968
Cash Restricted for Capital Improvements	6,223	6,223
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidated Statements of Cash Flows	$ 554,695	$ 466,194

Contributions and Grants

Contributions and grants received are classified as with and without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants receivable are recognized when an unconditional promise to give is received. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. The Organization has not recorded the present value discount for long-term contributions as they have determined it does not materially impact the consolidated financial statements. An allowance for doubtful contributions and grants receivable is considered unnecessary, as management considers all accounts to be collectible.

Conditional Contributions and Grants – that is, those with a measurable performance or other barrier and a right of return – are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Payments received before conditions are substantially met are recorded as deferred revenue in the accompanying consolidated statements of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants (Continued)

There were a total of approximately $6,502,000 in conditional contributions and grants awarded in the year ended June 30, 2023. Of the total conditional contributions and grants awarded, approximately $6,170,000 depend on incurring qualified expenses and approximately $332,000 depend on achieving a specified level of service.

Consequently, at June 30, 2023, conditional contributions and grants approximating $2,038,000, have not been recognized in the accompanying consolidated statement of activities because the conditions on which they depend have not yet been met. Of the total conditional contributions not recognized, approximately $2,038,000 depend on incurring qualified expenses.

There were a total of approximately $4,803,000 in conditional contributions and grants awarded in the year ended June 30, 2022. Of the total conditional contributions and grants awarded, approximately $4,798,000 depend on incurring qualified expenses and approximately $5,000 depend on achieving a specified outcome.

Consequently, at June 30, 2022, conditional contributions and grants approximating $1,864,000, have not been recognized in the accompanying consolidated statement of activities because the conditions on which they depend have not yet been met. Of the total conditional contributions not recognized, approximately $1,859,000 depend on incurring qualified expenses and approximately $5,000 depend on achieving a specific outcome.

In-Kind Contributions

Contributed property and equipment (if any) is recorded as support without restrictions at its fair value at the date of donation as determined by the Organization. If donors stipulate how long the asset is to be used, the contributions are recorded as restricted support.

Donated supplies and materials are recorded as contributions without restrictions in the period received at fair value. Only such assets with determinable fair values are recorded.

The Organization receives the use of donated facilities for its program operations and supporting services. Contributed use of facilities is recorded as support at its fair rental value during the period the contribution is received. Fair value is estimated using the average price per square foot on rental listings in the Organization’s service area. A donor-imposed time restriction exists for the donated use of facilities over the term of the lease agreement.

Contributed services that require specialized skill (attorneys, accountants, counselors, etc.) are recorded in the consolidated statement of activities as support without restrictions at their fair value. A number of unpaid volunteers, including board members, have made significant contributions of their time to develop the Organization's programs and special events. The value of this contributed time is not reflected in the consolidated statements of activities since it is not susceptible to objective measurement or valuation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Fundraising Events

Special fundraising events revenue comprise an exchange element based on the value of the benefits provided, and a contribution element for the difference between the total support and the exchange element. The exchange element includes the meals provided, which is recognized over time as the event occurs, and the auction items purchased at the events, which is recognized at the point in time when the auction ends. Special fundraising event revenues consisted of the following for the years ended June 30:

	2023	2022
Contribution Revenue	$ 269,806	$ 263,516
Exchange Revenue:		
Auction Items	44,896	76,663
Meals	32,000	30,000
Total Special Fundraising Event Revenue	$ 346,702	$ 370,179

Program Fees

Program fees include membership dues, program service fees, summer camp fees, rental income, and workforce development administrative revenues. Program fees and related receivables are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. Revenue is recognized as performance obligations are satisfied.

Membership dues include annual memberships. Annual membership dues are renewed each fiscal year starting July 1st. With membership dues, a member is guaranteed a spot within one of the clubs. Revenue is recognized at a point in time upon payment as the membership is nonrefundable and contains no material performance obligation.

Program revenues include program service fees and summer camp fees. Program service fees are weekly dues charged to members for access to the clubs, including STEM and other academic training, tutoring services, introduction to secondary education options, and online learning. Summer camp fees are weekly dues charged to members to provide summer camp and educational activities. Revenue is recognized over time as services are performed.

Other revenue includes rental income and workforce development administrative revenues. Rental income represents fees charged to members for the use of the facility. Revenue is recognized over time as facility access provided. Workforce development administrative revenue represents fees for coordinating employment of workforce development between program participants and funding agency. Revenue is recognized over time as services performed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost, if purchased, or at estimated fair market value at date of receipt if acquired by gift. Expenditures in excess of $2,000 with an estimated useful life greater than one year are capitalized. Property and equipment are depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are depreciated over the shorter of useful life of the asset or effective life of the lease. Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in other authorized programs; however, its disposition and the ownership of any proceeds is subject to government regulations. The estimated useful lives of the assets are as follows:

Buildings and Building Improvements	1.5 to 30 Years
Leasehold Improvements	10 Years
Furniture and Equipment	5 to 10 Years
Vehicles	5 Years

Income Taxes

The Club and Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

The IRC provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Organization has implemented the accounting guidance for uncertainty in income taxes and management believes that there are no uncertain tax positions for which either recognition or disclosure is required in the consolidated financial statements.

Leases

The Organization leases office space and office equipment under operating and financing leases. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease obligation on the consolidated statement of financial position. Finance leases are included in finance lease right-of-use (ROU) assets and finance lease obligation on the consolidated statement of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease obligation represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and obligations are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

as incurred and these leases are not included as lease obligation or right of use assets on the consolidated statement of financial position.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, the Organization’s incremental borrowing rate. The Organization used the incremental borrowing rate for the Office lease and the implicit rate for the equipment lease.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Functional Allocation of Expenses

The following program and support services are included in the accompanying consolidated financial statements:

Youth Development – Provides behavioral prudence and promotes the health, social, educational, vocational, and character development of boys and girls as well as to develop in them a sense of belonging, competency, and usefulness and a sense of one's own power of self-control.

Management and General – Includes the functions necessary to maintain the Organization’s programs and activities; provides coordination and articulation of the Organization’s program strategy through the office of the president; secures the proper administrative functioning of the board of directors; and manages the financial and budgetary responsibilities of the Organization.

Fundraising – Provides the structure necessary to encourage and secure public and private financial support from individuals, foundations, governmental agencies, and corporations.

The costs of providing various programs and related supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated to one or more of the appropriate program and supporting services benefited. These expenses are allocated based on estimates of use by function and estimated time and effort of personnel.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Standards:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

Subsequent Events

The Organization has evaluated subsequent events through December 19, 2023, which is the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following as of June 30:

	2023	2022
Cash and Cash Equivalents	$ 545,504	$ 457,003
Contributions and Grants Receivable	838,344	1,009,540
Total Financial Assets	1,383,848	1,466,543
Less: Donor-Imposed Purpose Restrictions	(647,680)	(253,503)
Total Financial Assets Available for General Expenditure Within One Year	$ 736,168	$ 1,213,040

There is an established board-designated fund where the governing board has set funds aside for the Royal Theater project of $105,993. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents on hand to meet 30 days of normal operating expenses, which are, on average, approximately $764,000. To help manage unanticipated liquidity needs, the Organization has committed a line of credit in the amount of $750,000 which it could draw upon.

NOTE 3 IN-KIND LEASE RECEIVABLE

The Organization was given rent-free (or below market) leases on certain properties where clubs are located. The Organization recorded the market value of the facilities as contributions revenue with donor restrictions for the term of the leases when the leases were initiated. The balance on the in-kind lease receivables as of June 30, 2023 and 2022 is reflected in the accompanying consolidated statements of financial position.

The recognition (usage) on the in-kind leases for the subsequent years are as follows:

Year Ending June 30,	Amount
2024	$ 286,770
2025	152,766
2026	83,322
2027	48,600
2028	20,250
Total	$ 591,708

NOTE 4 LEASES

The following table provides quantitative information concerning the Organization's leases.

Lease Cost	2023
Finance Lease Cost:	
Amortization of Right-of-Use Assets	$ 4,899
Interest on Lease Obligation	339
Operating Lease Cost	43,364
Total Lease Cost	$ 48,602
Other Information	
Cash Paid for Amounts included in the Measurement of Lease Liabilities:	
Operating Cash Flows From Finance Leases	$ 339
Operating Cash Flows From Operating Leases	41,772
Financing Cash Flows From Finance Leases	3,923
Right-of-Use Assets Obtained In Exchange For New Finance Lease Liabilities:	-
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	124,674
Weighted-Average Remaining Financing Lease Term	1.8 years
Weighted-Average Remaining Operating Lease Term	1.9 years
Weighted-Average Discount Rate - Finance Leases	3.5%
Weighted-Average Discount Rate - Operating Leases	1.0%

Future minimum lease payments are as follows:

Year Ending June 30,	Operating	Financing
2024	$ 43,441	$ 5,114
2025	41,266	4,634
Total Minimum Lease Payments	84,707	9,748
Less: Amount Representing Interest	(779)	(281)
Present Value of Lease Obligation	$ 83,928	$ 9,467

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	2023	2022
Land	$ 166,856	$ 166,856
Buildings and Building Improvements	2,931,014	2,823,691
Leasehold Improvements	40,569	40,569
Furniture and Equipment	578,989	547,853
Vehicles	513,690	406,688
Construction In Progress	-	17,871
Total	4,231,118	4,003,528
Less: Accumulated Depreciation	(2,281,423)	(2,037,399)
Net Property and Equipment	$ 1,949,695	$ 1,966,129

Depreciation expense for the years ended June 30, 2023 and 2022 was approximately $261,000 and $258,000, respectively.

The Buildings category above includes approximately $564,000 of capital improvement on the Royal Theater club that was funded by a U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) which was passed through the City of St. Petersburg. Among other CDBG requirements, the property is required to be used as an after school and summer activity center, providing health, social, educational, vocational, cultural arts, character, and leadership development principally to low and moderate income households, as defined by HUD through December 31, 2053. A lien in the form of a mortgage (originally $564,000, reduced to $535,338 based on partial satisfaction of mortgage) on the real property has been executed. No interest shall accrue as long as payment of the principal is deferred. If the Organization complies with the terms and conditions of the CDBG agreement, the lien established by the mortgage shall be forgiven on January 1, 2034. According to the City of St. Petersburg resolution 2016-405 forgiveness of this lien was accelerated to December 31, 2022. The mortgage was satisfied effective January 3, 2023. The outstanding balance at June 30, 2023 is $-0-. The CDBG proceeds were recognized as income at the time of receipt since management believes the likelihood of repayment is remote.

The Buildings category also includes approximately $567,000 of capital improvements on the Pinellas Park club that was funded by HUD CDBG passed through Pinellas County. Among other CDBG requirements, the property is required to be used as a center benefiting the youth and at least 51% of the persons benefitting from the activities be Pinellas residents whose household income does not exceed 80% of the area median income. Also, the Organization is prohibited from selling or altering the property without approval. These requirements are in effect for 20 years, through April 2030. There is no mortgage agreement with the County related to these HUD CDBG funds.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are composed of the following as of June 30:

	2023	2022
Purpose Restrictions:		
Behavioral Health Program	$ 39,370	$ 42,384
Capital Improvements	6,223	6,223
Club-Specific Expenses	108,254	103,017
Club-Specific Salaries	325,030	6,145
Financial Literacy Program	9,921	9,921
Food Program	36,057	33,445
Other Restrictions	33,588	12,751
Scholarships	25,000	-
Technology	23,916	25,585
Workforce Development Program	40,321	14,032
Total Purpose Restrictions	647,680	253,503
Time Restrictions:		
In-Kind Leases Receivable	591,708	27,486
Total Net Assets With Donor Restrictions	$ 1,239,388	$ 280,989

Release of net assets with donor restrictions consisted of the following for the years ended June 30:

	2023	2022
Purpose Restrictions Released:		
Behavioral Health Program	$ 9,014	$ 7,616
Capital Improvements	49,662	185,018
Club-Specific Expenses	368,937	249,942
Club-Specific Salaries	425,758	360,785
Financial Literacy Program	-	79
Food Program	709,825	554,102
Gun and Gang Prevention Program	28,134	19,715
Literacy Program	105,000	110,000
Other Restrictions	31,188	7,582
Substance Abuse Program	91,377	28,727
Technology	1,669	34,415
Workforce Development Program	103,511	1,968
Total Purpose Restrictions Released	1,924,075	1,559,949
Time Restrictions Released:		
In-Kind Leases Receivable	614,293	128,583
Total Net Assets Released from Donor Restrictions	$ 2,538,368	$ 1,688,532

NOTE 7 IN-KIND CONTRIBUTIONS AND EXPENSES

Included in support and expenses in the accompanying consolidated statements of activities are the following in-kind activity for the years ended June 30:

	2023	2022
In-Kind Contributions:		
Donated Facilities	$ 1,178,515	$ 52,200
Donated Supplies and Materials	300,640	51,382
Total	$ 1,479,155	$ 103,582

	2023	2022
In-Kind Expenses:		
Donated Facilities	$ 614,293	$ 128,583
Donated Supplies and Materials	300,640	51,382
Total	$ 914,933	$ 179,965

NOTE 8 CONCENTRATIONS OF RISK

The Organization’s operations are concentrated in Pinellas County, Florida and relate primarily to youth services. In addition, amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

The Organization’s operations are substantially dependent on the receipt of funding from governmental (federal, state, and local entities such as Juvenile Welfare Board) and corporate sources (such as the United Way). Loss of these funds and/or large decreases in this type of funding may have a material effect on the Organization and a negative impact on overall operations.

NOTE 9 RETIREMENT PLAN

The Organization operates the Boys & Girls Clubs of the Suncoast, Inc. 401(k) Plan (the Retirement Plan). Specifics of the Plan are as follows:

- The Retirement Plan year is a calendar year.
- To qualify as a participant under the Retirement Plan, participants must be eligible employees, be at least age 21, work for the Organization at least three consecutive months, and complete at least one hour of service during that time period.
- Employees are allowed to make pre-tax salary deferral contributions to the Retirement Plan. These deferral contributions are always 100% vested.
- The Retirement Plan includes a provision for a 100% (dollar-for-dollar) matching contribution of salary deferrals up to 3% of compensation plus a 50% matching on any salary deferrals above 3% up to 5% of compensation.
- In addition, the Organization may also elect to make other discretionary contributions to the Retirement Plan.
- In order to receive an employer contribution, the participant must have one year of service with the Organization, be employed on the last day of the Retirement Plan year and have completed 1,000 hours of service.
- Participants become vested in matching and employer contributions after three years of service.

For the years ended June 30, 2023 and 2022 the Organization made contributions to the Retirement Plan of approximately $73,000, and $46,000, respectively.

Starting in 2022, the Organization also operates the Boys & Girls Clubs of the Suncoast, Inc. 457(b) Plan (the Deferred Compensation Plan). Specifics of the Deferred Compensation Plan are as follows:

- The Deferred Compensation Plan year is a calendar year.
- Participants of the Deferred Compensation Plan are at the discretion of the Board of Directors.
- The Deferred Compensation Plan includes a provision for a 100% (dollar-for-dollar) matching contribution of participants' elective contributions up to $15,000.

For the year ended June 30, 2023 and 2022 the Organization made contributions to the Deferred Compensation Plan of approximately $11,000 and $15,000, respectively.

NOTE 10 LINE OF CREDIT

In May 2018, the Organization opened a line of credit with a financial institution. The available line is $750,000 with an outstanding balance bearing interest at the institution's prime rate of 8.75% interest rate and a maturity date of May 15, 2024. For the years ended June 30, 2023 and 2022 the line of credit balance is $-0-.

NOTE 11 EMPLOYEE RETENTION CREDIT RESERVE

The Organization filed for approximately $136,000 in Employee Retention Credit (ERC) in February 2023. The Organization received approximately $121,000 in funds from the Internal Revenue Service (IRS) relating to the ERC in July 2023 which is recorded as grants receivable within the consolidated statement of financial position as of June 30, 2023. After review of technical guidance released by the IRS regarding eligibility, the Organization assessed that they are eligible for the credits applied and received. However, due to the complexity and uncertainty regarding the ERC eligibility criteria, the Organization has determined that a loss is probable and have established a reserve for the full amount received. The reserve is for approximately $121,000 and is recorded as employee retention credit reserve within the consolidated statement of financial position as of June 30, 2023.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Club	Foundation	Eliminating Entries	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 341,148	$ 204,356	$ -	$ 545,504
Contributions and Grants Receivable	838,344	-	-	838,344
In-Kind Lease Receivable	286,770	-	-	286,770
Prepaid Expenses	66,182	-	-	66,182
Custodial Funds Held for Others	2,968	-	-	2,968
Cash Restricted for Capital Improvements	6,223	-	-	6,223
Total Current Assets	1,541,635	204,356	-	1,745,991
NONCURRENT ASSETS				
Property and Equipment, Net	1,949,695	-	-	1,949,695
In-Kind Lease Receivable, Long-Term Portion	304,938	-	-	304,938
Operating Right of Use Assets, Net	82,336	-	-	82,336
Financing Right of Use Assets, Net	7,348	-	-	7,348
Total Noncurrent Assets	2,344,317	-	-	2,344,317
Total Assets	$ 3,885,952	$ 204,356	$ -	$ 4,090,308
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 190,505	$ -	$ -	$ 190,505
Accrued Expenses	295,739	-	-	295,739
Employee Retention Credit Reserve	120,886	-	-	120,886
Custodial Accounts	2,968	-	-	2,968
Operating Lease Obligation, Current Portion	42,834	-	-	42,834
Finance Lease Obligation, Current Portion	4,889	-	-	4,889
Total Current Liabilities	657,821	-	-	657,821
NONCURRENT LIABILITIES				
Operating Lease Obligation, Long-term Portion	41,094			41,094
Finance Lease Obligation, Long-Term Portion	4,578			4,578
Total Noncurrent Liabilities	45,672	-	-	45,672
Total Liabilities	703,493	-	-	703,493
NET ASSETS				
Without Donor Restrictions:				
Undesignated	1,837,078	204,356	-	2,041,434
Board-Designated - Royal Theater	105,993	-	-	105,993
With Donor Restrictions	1,239,388	-	-	1,239,388
Total Net Assets	3,182,459	204,356	-	3,386,815
Total Liabilities and Net Assets	$ 3,885,952	$ 204,356	$ -	$ 4,090,308

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Club	Foundation	Eliminating Entries	Total
SUPPORT AND REVENUE				
Support:				
Contributions	$ 681,304	$ -	$ -	$ 681,304
In-Kind Contributions	1,479,155	-	-	1,479,155
Grants	6,560,976	-	-	6,560,976
United Way	305,787	-	-	305,787
Total Support	9,027,222	-	-	9,027,222
Special Fundraising Events Revenue	346,702	-	-	346,702
Less: Fundraising Events Expense	(110,829)	-	-	(110,829)
Net Special Fundraising Events	235,873	-	-	235,873
Revenue:				
Membership Dues	17,725	-	-	17,725
Program Revenue	41,777	-	-	41,777
Other Revenue	90,947	-	-	90,947
Total Revenue	150,449	-	-	150,449
Total Support and Revenue	9,413,544	-	-	9,413,544
EXPENSES				
Program Services - Youth Development	7,187,134	-	-	7,187,134
Management and General	1,454,812	-	-	1,454,812
Fundraising	525,161	-	-	525,161
Total Expenses	9,167,107	-	-	9,167,107
CHANGE IN NET ASSETS	246,437	-	-	246,437
Net Assets - Beginning of Year	2,936,022	204,356	-	3,140,378
NET ASSETS - END OF YEAR	$ 3,182,459	$ 204,356	$ -	$ 3,386,815

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Boys & Girls Clubs of the Suncoast, Inc., and Affiliate
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Boys & Girls Clubs of the Suncoast, Inc. (the Club), and Boys & Girls Clubs of the Suncoast Foundation, Inc. (the Foundation), (collectively, the Organization), which comprise the consolidated statement of financial position as of June 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 December 19, 2023.

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 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 entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be material weaknesses.

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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
December 19, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Boys & Girls Clubs of the Suncoast, Inc., and Affiliate
Tampa, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Boys & Girls Clubs of the Suncoast, Inc.'s (the Club), and Boys & Girls Clubs of the Suncoast Foundation, Inc. (the Foundation or the Affiliate), (collectively, the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); 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 Auditors' 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.

Auditors' 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 GAAS, *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 GAAS, *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 *Auditors' 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
December 19, 2023

BOYS & GIRLS CLUB OF THE SUNCOAST, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
Department of Agriculture				
Passed through Florida Department of Agriculture and Consumer Services:				
Summer Food Service Program for Children	10.559	1288	$ -	$ 241,024
Total Child Nutrition Cluster			-	241,024
Department of Agriculture				
Passed through Florida Department of Health:				
Child and Adult Care Food Program	10.558	A-5542	-	353,328
Total Department of Agriculture			-	594,352
COMMUNITY DEVELOPMENT BLOCK GRANT - ENTITLEMENT GRANTS CLUSTER:				
Department of Housing and Urban Development				
Passed through the City of St. Petersburg:				
Community Development Block Grants - Entitlement Grants	14.218	B-01-MC-12-0017	-	535,338
Passed through Pinellas County:				
COVID-19-Community Development Block Grants - Entitlement Grants	14.218	B-21-UC-12-5	-	49,662
Total Department of Housing and Urban Development			-	585,000
Total Community Development Block Grant - Entitlement Grants Cluster			-	585,000
Department of Justice				
Direct Program				
Juvenile Mentoring Program	16.726	N/A	-	91,377
Passed through Boys & Girls Clubs of America:				
Juvenile Mentoring Program	16.726	H33CHK1WKG57	-	93,004
Total Department of Justice			-	184,381
CHILD CARE AND DEVELOPMENT BLOCK GRANT CLUSTER:				
Department of Health and Human Services				
Passed through Early Learning Coalition of Pinellas County:				
COVID-19-Child Care and Development Block Grant	93.575	607131633	-	89,318
COVID-19-Child Care and Development Block Grant	93.575	607131633	-	717,768
Total Department of Health and Human Services			-	807,086
Total Child Care and Development Block Grant Cluster			-	807,086
Total Expenditures of Federal Awards			$ -	$ 2,170,819

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards of the Organization for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule presents only a selected portion of the operations of the Organization, therefore, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts 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 did not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 COMMUNITY DEVELOPMENT BLOCK GRANT

The Organization is a subrecipient of a grant to the City of St. Petersburg, Florida funded through HUD to rehabilitate the multipurpose facility at 1011 22nd Street South, St. Petersburg, FL 33712 (the Property). The rehabilitation was performed for the purposes of operating the Property as an after school and summer activity center, providing health, social, educational, vocational, cultural arts, character, and leadership development opportunities to 450 boys and girls ages 6-17. On April 23, 2002, the Club executed a mortgage with the City of St. Petersburg for $535,338 for the renovation of the Property. The principal balance was to be forgiven on January 1, 2034, if the property is dedicated to low and moderate income households. According to the City of St. Petersburg resolution 2016-405 forgiveness of this lien was accelerated to December 31, 2022. The mortgage was satisfied effective January 3, 2023. The outstanding balance at June 30, 2023 is -0-.

BOYS & GIRLS CLUB OF THE SUNCOAST, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

    - Material weaknesses identified? __x__ yes ____ no
    - Significant deficiencies identified? ____ yes __x__ none reported

3. Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

    - Material weaknesses identified? ____ yes __x__ no
    - Significant deficiencies identified? ____ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required To be reported in accordance with 2 CFR 200.516(a)? ____ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
93.575	Child Care and Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? __x__ yes ____ no

Section II – Financial Statement Findings

2023 – 001: Material Adjustments

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The Organization had material adjustments relating to its financial closing process. These adjustments related to not recording a receivable balance for an in-kind lease agreement, not identifying donor restrictions on certain grants, and improperly excluding or classifying certain balances from the schedule of expenditures of federal awards (SEFA).

Criteria or specific requirement: A system of internal controls should be in place to ensure all account balances are properly recorded, classified and in accordance with generally accepted accounting principles (GAAP). Additionally, completeness and classification procedures should be performed over the preparation of the SEFA.

Context: While performing audit procedures, we tested the in-kind lease agreements of five facilities that the Organization leases. From the in-kind agreements, we identified one material instance where the in-kind receivable balance was not recorded. Also, of the 33 contributions and grants agreements tested, we identified three instances where grants were not properly classified as with donor restriction. Additionally, we tested the completeness of the SEFA and identified two understated programs and two programs that were not properly classified.

Effect: The Organization's in-kind lease receivable and corresponding net assets with donor restriction was understated by approximately $134,000 and the in-kind expense was overstated by approximately $134,000. The Organization's support and revenue with donor restrictions was understated by approximately $944,000 and the year-end net assets with donor restriction balance was understated by approximately $319,000. No noncompliance regarding the use of the funds was identified. The Organization's SEFA was understated by approximately $625,000 of which $535,338 related to an outstanding loan balance with ongoing compliance requirements. In addition, the Organization misclassified approximately $134,000 of funds between two programs coming from the same funding source.

Cause: The Organization did not record the receivable balance for an in-kind lease agreement as of year-end. Grant funds received were not identified as with donor restrictions. Since there were no related revenues in the current year, neither the current year expenditures incurred nor the loan balance were identified during the SEFA completeness process. In addition, as the funds came from the same funding source, the Organization misclassified the assistance listing number among the underlying programs.

Repeat Finding: No

Section II – Financial Statement Findings (Continued)

Recommendation: During the Organization's financial closing process, they should review lease agreements where they receive the use of facilities without charge and recognize those contributions when provided. Additionally, they should evaluate grant agreements for language that would indicate a donor restriction and track those restrictions accordingly. During the SEFA preparation, the Organization should compare to the prior year SEFA, review current year grant contracts and accounting records, and information available online from federal, state and pass-through agencies. The SEFA should include all federal awards expended by the Organization during the reporting period, regardless of whether the award was received in the current or prior reporting period as well as outstanding loan balances at any time during the reporting period with continued compliance requirements.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. The Organization's management will update their closing processes to review all in-kind leases and the effect they have on the statement of financial position and statement of activities, if any. The Organization's management will update its revenue recognition policy to ensure any donor restricted contributions are properly recorded. The Organization's management will update their SEFA preparation process to ensure completeness and proper classification of the schedule.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).