

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019



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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

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, 2020 and 2019, 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.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the consolidated financial statements, net assets were overstated in the prior period and a prior period adjustment has been posted to restate beginning net assets. Our opinion was not modified with respect to that matter.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The consolidating statement of financial position and consolidating statement of activities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Matters

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 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*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Tampa, Florida
December 9, 2020

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	Restated 2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 352,710	\$ 343,041
Contributions and Grants Receivable, Current Portion	254,414	181,651
In-Kind Lease Receivable	76,383	76,383
Prepaid Expenses	34,887	51,336
Cash Restricted for Capital Improvements	75,087	83,765
Total Current Assets	793,481	736,176
PROPERTY AND EQUIPMENT, NET	2,051,259	2,010,375
IN-KIND LEASE RECEIVABLE, LONG-TERM PORTION	103,869	84,767
CONTRIBUTIONS AND GRANTS RECEIVABLE, LONG-TERM PORTION	17,651	-
Total Assets	\$ 2,966,260	\$ 2,831,318
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 85,293	\$ 53,393
Accrued Expenses	79,203	52,409
Long-Term Debt, Current Portion	205,291	40,350
Capital Lease Obligation, Current Portion	4,402	-
Total Current Liabilities	374,189	146,152
LONG-TERM DEBT, NET OF CURRENT PORTION	-	225,937
PAYROLL PROTECTION PROGRAM LOAN	209,000	-
CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION	17,948	-
Total Liabilities	601,137	372,089
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,929,848	2,073,089
Board-Designated- Royal Theater	159,936	159,936
With Donor Restrictions	275,339	226,204
Total Net Assets	2,365,123	2,459,229
Total Liabilities and Net Assets	\$ 2,966,260	\$ 2,831,318

See accompanying Notes to Consolidated Financial Statements.

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 434,029	\$ 75,000	\$ 509,029
In-Kind Contributions	231,614	133,286	364,900
Grants	1,104,057	1,103,531	2,207,588
United Way	4,976	199,690	204,666
Total Support	1,774,676	1,511,507	3,286,183
Special Fundraising Events	313,105	-	313,105
Less: Cost of Direct Benefit	(117,076)	-	(117,076)
Net Special Fundraising Events	196,029	-	196,029
Revenue:			
Membership Dues	8,995	-	8,995
Program Revenue	49,433	-	49,433
Other Revenue	9,388	-	9,388
Total Revenue	67,816	-	67,816
Net Assets Released from Donor Restrictions	1,462,372	(1,462,372)	-
Total Support and Revenue	3,500,893	49,135	3,550,028
EXPENSES			
Program Services - Youth Development	2,825,154	-	2,825,154
Management and General	604,017	-	604,017
Fundraising	214,963	-	214,963
Total Expenses	3,644,134	-	3,644,134
CHANGE IN NET ASSETS	(143,241)	49,135	(94,106)
Net Assets - Beginning of Year, Restated	2,233,025	226,204	2,459,229
NET ASSETS - END OF YEAR	\$ 2,089,784	\$ 275,339	\$ 2,365,123

See accompanying Notes to Consolidated Financial Statements.

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Restated		Total
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 242,475	\$ 78,403	\$ 320,878
In-Kind Contributions	139,721	95,501	235,222
Grants	2,050,396	7,111	2,057,507
United Way	240,452	88,800	329,252
Total Support	<u>2,673,044</u>	<u>269,815</u>	<u>2,942,859</u>
Special Fundraising Events	308,297	-	308,297
Less: Cost of Direct Benefit	<u>(104,195)</u>	<u>-</u>	<u>(104,195)</u>
Net Special Fundraising Events	204,102	-	204,102
Revenue:			
Membership Dues	13,364	-	13,364
Program Revenue	32,386	-	32,386
Other Revenue	<u>9,700</u>	<u>-</u>	<u>9,700</u>
Total Revenue	55,450	-	55,450
Net Assets Released from Restrictions	<u>278,304</u>	<u>(278,304)</u>	<u>-</u>
Total Support and Revenue	3,210,900	(8,489)	3,202,411
EXPENSES			
Program Services - Youth Development	2,545,092	-	2,545,092
Management and General	476,931	-	476,931
Fundraising	<u>188,635</u>	<u>-</u>	<u>188,635</u>
Total Expenses	<u>3,210,658</u>	<u>-</u>	<u>3,210,658</u>
CHANGE IN NET ASSETS	242	(8,489)	(8,247)
Net Assets - Beginning of Year, As Previously Stated	2,291,983	371,015	2,662,998
Prior Period Adjustment	<u>(59,200)</u>	<u>(136,322)</u>	<u>(195,522)</u>
Net Assets - Beginning of Year, As Restated	<u>2,232,783</u>	<u>234,693</u>	<u>2,467,476</u>
NET ASSETS - END OF YEAR	<u>\$ 2,233,025</u>	<u>\$ 226,204</u>	<u>\$ 2,459,229</u>

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, 2020**

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Support Services	
SALARIES AND RELATED EXPENSES					
Salaries	\$ 1,181,385	\$ 330,034	\$ 121,058	\$ 451,092	\$ 1,632,477
Employee Benefits	90,989	25,419	9,324	34,743	125,732
Payroll Taxes	92,659	25,885	9,495	35,380	128,039
Total Salaries and Related Expenses	1,365,033	381,338	139,877	521,215	1,886,248
OTHER EXPENSES					
Depreciation	214,460	4,550	814	5,364	219,824
Equipment Expense	45,936	12,833	4,707	17,540	63,476
In-Kind Materials and Services	331,426	14,372	-	14,372	345,798
Insurance	58,557	16,359	6,000	22,359	80,916
Interest Expense	12,054	925	-	925	12,979
Membership Dues	-	345	-	345	345
National and State Dues	19,811	5,535	2,030	7,565	27,376
Occupancy	140,989	39,387	14,447	53,834	194,823
Printing and Publications	12,374	3,457	1,268	4,725	17,099
Professional Fees and Contract Services	71,480	19,969	7,325	27,294	98,774
Repairs and Maintenance	34,704	-	-	-	34,704
Special Events Expenses	-	-	117,076	117,076	117,076
Supplies	254,910	71,212	26,121	97,333	352,243
Travel and Training	21,817	6,095	2,236	8,331	30,148
Vehicle Expenses	109,037	-	-	-	109,037
Youth Development	33,413	-	-	-	33,413
Other Expenses	99,153	27,640	10,138	37,778	136,931
Total Other Expenses	1,460,121	222,679	192,162	414,841	1,874,962
Less: Expenses Netted Against Revenues on the Statements of Activities:					
Special Event Expenses	-	-	(117,076)	(117,076)	(117,076)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,825,154</u>	<u>\$ 604,017</u>	<u>\$ 214,963</u>	<u>\$ 818,980</u>	<u>\$ 3,644,134</u>

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, 2019**

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Support Services	
SALARIES AND RELATED EXPENSES					
Salaries	\$ 987,975	\$ 278,128	\$ 117,616	\$ 395,744	\$ 1,383,719
Employee Benefits	81,906	23,058	9,751	32,809	114,715
Payroll Taxes	81,045	22,815	9,648	32,463	113,508
Total Salaries and Related Expenses	<u>1,150,926</u>	<u>324,001</u>	<u>137,015</u>	<u>461,016</u>	<u>1,611,942</u>
OTHER EXPENSES					
Depreciation	215,116	4,564	816	5,380	220,496
Equipment Expense	29,190	8,217	3,475	11,692	40,882
In-Kind Materials and Services	213,996	17,876	-	17,876	231,872
Insurance	83,988	15,921	6,732	22,653	106,641
Interest Expense	2,923	7,776	-	7,776	10,699
Membership Dues	-	100	-	100	100
National and State Dues	15,547	4,377	1,851	6,228	21,775
Occupancy	141,030	13,522	5,669	19,191	160,221
Printing and Publications	8,518	2,398	1,014	3,412	11,930
Professional Fees and Contract Services	169,570	47,736	20,187	67,923	237,493
Repairs and Maintenance	24,751	-	-	-	24,751
Special Events Expenses	-	-	104,195	104,195	104,195
Supplies	254,789	9,810	3,151	12,961	267,750
Travel and Training	34,241	9,639	4,076	13,715	47,956
Vehicle Expenses	137,328	-	-	-	137,328
Youth Development	24,124	-	-	-	24,124
Other Expenses	39,055	10,994	4,649	15,643	54,698
Total Other Expenses	<u>1,394,166</u>	<u>152,930</u>	<u>155,815</u>	<u>308,745</u>	<u>1,702,911</u>
Less: Expenses Netted Against Revenues on the Statements of Activities:					
Special Event Expenses	<u>-</u>	<u>-</u>	<u>(104,195)</u>	<u>(104,195)</u>	<u>(104,195)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,545,092</u>	<u>\$ 476,931</u>	<u>\$ 188,635</u>	<u>\$ 665,566</u>	<u>\$ 3,210,658</u>

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, 2020 AND 2019**

	2020	Restated 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (94,106)	\$ (8,247)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	219,824	220,496
In-Kind Lease Receivable	(19,102)	(2,300)
Grants Restricted for Capital Improvements	(184,772)	(78,403)
Change in Operating Assets and Liabilities:		
Contributions and Grants Receivable	(90,414)	23,360
Prepaid Expenses	16,449	(37,248)
Accounts Payable	31,900	(20,615)
Accrued Expenses	26,794	5,567
Net Cash (Used) Provided by Operating Activities	(93,427)	102,610
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(236,175)	(122,022)
Net Cash Used by Operating Activities	(236,175)	(122,022)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Grants Restricted for Capital Improvements	184,772	78,403
Proceeds from Payroll Protection Program Loan	209,000	-
Repayment of Long-Term Debt	(63,179)	(39,899)
Net Cash Provided by Financing Activities	330,593	38,504
 NET CHANGES IN CASH AND CASH EQUIVALENTS	991	19,092
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	426,806	407,714
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 427,797	\$ 426,806
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash Investing and Financing Activities:		
Purchase of Property and Equipment with Long-Term Debt	\$ 24,533	\$ -
Cash During the Year for:		
Interest	\$ 12,979	\$ 10,699

See accompanying Notes to Consolidated Financial Statements.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The 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 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.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 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:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 352,710	\$ 343,041
Cash Restricted for Capital Improvements	<u>75,087</u>	<u>83,765</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	<u>\$ 427,797</u>	<u>\$ 426,806</u>

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.

There were a total of approximately \$2,092,000 in conditional contributions and grants awarded in the year ended June 30, 2020. Of the total conditional contributions and grants awarded, approximately \$2,035,000 depend on incurring qualified expenses and approximately \$57,000 depend on achieving a specified outcome.

Consequently, at June 30, 2020, conditional contributions and grants approximating \$507,000, 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, all depend on incurring qualified expenses.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, materials, publications, etc. are recorded as contributions without restrictions in the period received at fair value. Only such assets with determinable fair values are recorded.

Contributed use of facilities is recorded as support at its fair rental value during the period the contribution is received. 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.

Special Fundraising Events

Special fundraising event support comprise an exchange element based on the value of benefits provided, and a contribution element for the difference between the total support and the exchange element. The exchange element includes the meals provided and the auction items purchased at the events. The performance obligation is met over time as the event occurs. The exchange element totaled approximately \$110,000 and \$104,000 for the years ended June 30, 2020 and 2019, respectively.

Program Fees

Program fees include membership dues, program service fees, summer camp fees, and rental income. 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.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Fees (Continued)

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. Revenue is recognized over the term of services. 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. Rental income represents fees charged to members for the use of the facility. Revenue is recognized over time upon facility access provided.

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 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	5 to 30 Years
Leasehold Improvements	10 Years
Furniture and Equipment	5 to 10 Years
Vehicles	5 Years

Income Taxes

The Club qualifies as a tax-exempt organization 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 Club 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 Foundation is in the process of filing for tax-exempt status.

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.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 estimated time and effort of personnel.

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.

Change in Accounting Estimate

During 2020, the Organization changed its functional method of allocating occupancy, insurance, and supplies from direct allocation to indirect allocation based on estimated time and effort of personnel. The Organization believes that the new method more accurately allocates its expenditures within the Consolidated Statement of Functional Expenses. The accounting change has not been applied retrospectively. There is no impact on the change in net assets as a result of this change in accounting estimate.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

The Organization has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The consolidated financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. No change to the consolidated financial statements as the adoption of ASU 2018-08 did not significantly impact the Organization's reported revenues.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The consolidated financial statements reflect the application of ASC 606 guidance beginning in the year ended June 30, 2020. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Subsequent Events

The Organization has evaluated subsequent events through December 9, 2020, which is the date the financial statements were available to be issued.

COVID-19 Exposure

As a result of the spread of the COVID-19 coronavirus, the Organization had to modify the offering of programs to the children of their community, such that that average daily attendance declined significantly as a result of mandated ratios and gathering size. The Organization was able to adapt and remain flexible as programs have shifted with the start of school.

The Organization has worked closely with the Health Department, Pinellas County Licensing Board, Boys & Girls Clubs of America, and parents to ensure the safety of all involved.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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:

	2020	Restated 2019
Cash and Cash Equivalents	\$ 352,710	\$ 343,041
Contributions and Grants Receivable , Current Portion	254,414	181,651
Total	<u>\$ 607,124</u>	<u>\$ 524,692</u>

There is an established board designated fund where the governing board has set funds aside for the Royal Theater project of \$159,936. 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 \$304,000. To help manage unanticipated liquidity needs, the Organization has committed a line of credit in the amount of \$250,000 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, 2020 and 2019 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 76,383
2022	76,383
2023	27,486
Total	<u>\$ 180,252</u>

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Land	\$ 166,856	\$ 166,856
Buildings and Building Improvements	2,614,413	2,448,781
Leasehold Improvements	40,569	40,569
Furniture and Equipment	454,812	412,335
Vehicles	378,585	340,636
Construction In Progress	14,650	-
Total	<u>3,669,885</u>	<u>3,409,177</u>
Less: Accumulated Depreciation	<u>(1,618,626)</u>	<u>(1,398,802)</u>
Net Property and Equipment	<u>\$ 2,051,259</u>	<u>\$ 2,010,375</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was approximately \$220,000.

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, 2054. 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 improvement on the Pinellas Park club that was funded by HUD CDBG which was passed through Pinellas County. Among other CDBG requirements, the property is required to be used as a youth center benefiting youth and that at least 51% of the persons benefitting from the activities be 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 CDBG funds.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Note payable to bank, refinanced November 2015 in the amount of \$407,056. Payable in monthly principal and interest payments of \$3,569 with interest of 1% and a balloon payment due November 2020 in the amount of \$212,260. Collateralized by real property in Pinellas Park.	\$ 205,291	\$ 266,287
Less: Current Portion	<u>205,291</u>	<u>40,350</u>
Long-Term Debt, Excluding Current Portion	<u><u>\$ -</u></u>	<u><u>\$ 225,937</u></u>

NOTE 6 PAYROLL PROTECTION PROGRAM LOAN

On April 11, 2020, the Organization received a loan from ServisFirst Bank in the amount of \$209,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from (4/13/2020 – 6/5/2020), is the time that the Organization has to spend their PPP Loan funds.

The Organization has not yet received forgiveness. Management anticipates that these amounts will be forgiven and the Organization will not be required to repay this obligation.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>Restated 2019</u>
Purpose Restrictions:		
Royal Theater Renovations	\$ -	\$ 30,339
Northside Capital Improvements	24,215	24,215
Pinellas Park Capital Improvements	50,872	-
Total Purpose Restrictions:	<u>75,087</u>	<u>54,554</u>
Time Restrictions:		
Road Traffic Education	-	10,500
In-Kind Leases Receivable	180,252	161,150
Grants Receivable	20,000	-
Total Time Restrictions:	<u>200,252</u>	<u>171,650</u>
Total	<u>\$ 275,339</u>	<u>\$ 226,204</u>

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

	<u>2020</u>	<u>Restated 2019</u>
Purpose Restrictions Released:		
Royal Theater Renovations	\$ 155,761	\$ 11,615
Northside Capital Improvements	-	32,185
Pinellas Park Capital Improvements	8,478	22,003
United Way Summer Care Funding	88,800	88,800
United Way Out of School	80,890	-
Scholarship	-	20,000
At Risk Mentoring	166,074	-
Food Program	366,921	-
Substance Abuse Program	178,560	-
School Readiness Program	57,333	-
Literacy Program	224,871	-
Total Purpose Restrictions Released	<u>1,327,688</u>	<u>174,603</u>
Time Restrictions Released:		
Road Traffic Education	10,500	10,500
Junior Staff Program	10,000	-
In-Kind Leases Receivable	114,184	93,201
Total Time Restrictions Released	<u>134,684</u>	<u>103,701</u>
Total	<u>\$ 1,462,372</u>	<u>\$ 278,304</u>

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 IN-KIND REVENUE AND EXPENSES

Included in support and expenses in the accompanying consolidated statements of activities are the following in-kind contributions as of June 30:

	2020	2019
In-Kind Revenues:		
Donated Facilities	\$ 133,286	\$ 95,501
Donated Supplies, Materials, and Services	231,614	139,721
Total	\$ 364,900	\$ 235,222
	2020	2019
In-Kind Expenses:		
Donated Facilities	\$ 114,184	\$ 93,201
Donated Supplies, Materials, and Services	231,614	138,671
Total	\$ 345,798	\$ 231,872

NOTE 9 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.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 RETIREMENT PLAN

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

- The Plan year is a calendar year.
- To qualify as a participant under the 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 Plan. These deferral contributions are always 100% vested.
- The 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 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 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, 2020 and 2019, the Organization made contributions to the Plan of approximately \$19,000, and \$11,000, respectively.

NOTE 11 LINE OF CREDIT

In May 2018, the Organization opened a line of credit with a bank. The available line is \$250,000 with an outstanding balance bearing interest at the bank's prime rate of 3.5% interest rate. For the years ended June 30, 2020 and 2019, the line of credit balance is \$-0-.

NOTE 12 PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that net assets were overstated by approximately \$196,000 for the prior period due to three intentions to give being treated as promises to give in prior periods. Additionally, assets were overstated by approximately \$164,000, support revenue without donor restriction was understated by approximately \$25,000, and support revenue with donor restriction was understated by approximately \$7,000. To correct this error, beginning net assets have been restated.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(SEE INDEPENDENT AUDITORS' REPORT)
JUNE 30, 2020

ASSETS	<u>Club</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 99,495	\$ 253,215	\$ -	\$ 352,710
Contributions and Grants Receivable, Current Portion	254,414	-	-	254,414
In-Kind Lease Receivable	76,383	-	-	76,383
Prepaid Expenses	34,887	-	-	34,887
Cash Restricted for Capital Improvements	75,087	-	-	75,087
Total Current Assets	<u>540,266</u>	<u>253,215</u>	<u>-</u>	<u>793,481</u>
PROPERTY AND EQUIPMENT, NET	2,051,259	-	-	2,051,259
IN-KIND LEASE RECEIVABLE, LONG-TERM PORTION	103,869	-	-	103,869
CONTRIBUTIONS AND GRANTS RECEIVABLE, LONG-TERM PORTION	17,651	-	-	17,651
RELATED PARTY LOAN RECEIVABLE	<u>251,805</u>	<u>-</u>	<u>(251,805)</u>	<u>-</u>
Total Assets	<u><u>\$ 2,964,850</u></u>	<u><u>\$ 253,215</u></u>	<u><u>\$ (251,805)</u></u>	<u><u>\$ 2,966,260</u></u>

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
(SEE INDEPENDENT AUDITORS' REPORT)
JUNE 30, 2020**

LIABILITIES AND NET ASSETS	<u>Club</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
CURRENT LIABILITIES				
Accounts Payable	\$ 85,293	\$ -	\$ -	\$ 85,293
Accrued Expenses	79,203	-	-	79,203
Long-Term Debt, Current Portion	205,291	-	-	205,291
Capital Lease Obligation, Current Portion	4,402	-	-	4,402
Total Current Liabilities	<u>374,189</u>	<u>-</u>	<u>-</u>	<u>374,189</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	-	-	-	-
PAYROLL PROTECTION PROGRAM LOAN	209,000	-	-	209,000
CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION	17,948	-	-	17,948
RELATED PARTY LOAN PAYABLE	<u>-</u>	<u>251,805</u>	<u>(251,805)</u>	<u>-</u>
Total Liabilities	601,137	251,805	(251,805)	601,137
NET ASSETS				
Without Donor Restrictions				
Undesignated	1,928,438	1,410	-	1,929,848
Board-Designated- Royal Theater	159,936	-	-	159,936
With Donor Restrictions	275,339	-	-	275,339
Total Net Assets	<u>2,363,713</u>	<u>1,410</u>	<u>-</u>	<u>2,365,123</u>
Total Liabilities and Net Assets	<u>\$ 2,964,850</u>	<u>\$ 253,215</u>	<u>\$ (251,805)</u>	<u>\$ 2,966,260</u>

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
(SEE INDEPENDENT AUDITORS' REPORT)
YEAR ENDED JUNE 30, 2020

	Club	Foundation	Eliminating Entries	Total
SUPPORT AND REVENUE				
Support:				
Contributions	\$ 509,029	\$ -	\$ -	\$ 509,029
In-Kind Contributions	364,900	-	-	364,900
Grants	2,207,588	-	-	2,207,588
United Way	204,666	-	-	204,666
Related Party Contributions	-	1,452	(1,452)	-
Total Support	<u>3,286,183</u>	<u>1,452</u>	<u>(1,452)</u>	<u>3,286,183</u>
Special Fundraising Events	313,105	-	-	313,105
Less: Cost of Direct Benefit	<u>(117,076)</u>	<u>-</u>	<u>-</u>	<u>(117,076)</u>
Net Special Fundraising Events	196,029	-	-	196,029
Revenue:				
Membership Dues	8,995	-	-	8,995
Program Revenue	49,433	-	-	49,433
Other Revenue	<u>9,388</u>	<u>-</u>	<u>-</u>	<u>9,388</u>
Total Revenue	<u>67,816</u>	<u>-</u>	<u>-</u>	<u>67,816</u>
Total Support and Revenue	3,550,028	1,452	(1,452)	3,550,028
EXPENSES				
Program Services - Youth Development	2,825,154	-	-	2,825,154
Management and General	603,975	42	-	604,017
Fundraising	214,963	-	-	214,963
Related Party Charitable Transactions	1,452	-	(1,452)	-
Total Expenses	<u>3,645,544</u>	<u>42</u>	<u>(1,452)</u>	<u>3,644,134</u>
CHANGE IN NET ASSETS	(95,516)	1,410	-	(94,106)
Net Assets - Beginning of Year, Restated	<u>2,459,229</u>	<u>-</u>	<u>-</u>	<u>2,459,229</u>
NET ASSETS - END OF YEAR	<u>\$ 2,363,713</u>	<u>\$ 1,410</u>	<u>\$ -</u>	<u>\$ 2,365,123</u>



**INDEPENDENT AUDITORS' 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**

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, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2020-02 to be a significant deficiency.

Compliance and Other Matters

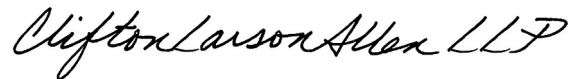
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2020-03.

The Organization's Response to Findings

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

Purpose of this Report

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

Tampa, Florida
December 9, 2020



**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.
Tampa, Florida

Report on Compliance for Each Major Federal Program

We have audited Boys & Girls Clubs of the Suncoast, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boys & Girls Clubs of the Suncoast, Inc.'s major federal programs for the year ended June 30, 2020. Boys & Girls Clubs of the Suncoast, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Boys & Girls Clubs of the Suncoast, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boys & Girls Clubs of the Suncoast, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination Boys & Girls Clubs of the Suncoast, Inc.'s compliance.

Board of Directors
Boys & Girls Clubs of the Suncoast, Inc.

Opinion on Each Major Federal Program

In our opinion, Boys & Girls Clubs of the Suncoast, Inc. 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 June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-003. Our opinion on each major federal program is not modified with respect to these matters.

Boys & Girls Clubs of the Suncoast, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Boys & Girls Clubs of the Suncoast, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Boys & Girls Clubs of the Suncoast, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Boys & Girls Clubs of the Suncoast, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Clubs of the Suncoast, Inc.'s internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-003 that we consider to be a significant deficiency.

Board of Directors
Boys & Girls Clubs of the Suncoast, Inc.

Boys & Girls Clubs of the Suncoast, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Boys & Girls Clubs of the Suncoast, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Tampa, Florida
December 9, 2020

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture Direct Programs				
Direct Program:				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559		\$ -	\$ 291,921
Total Child Nutrition Cluster			-	291,921
Department of Housing and Urban Development CDBG-Entitlement Grants Cluster				
<i>Passed through the City of St. Petersburg:</i>				
Community Development Block Grants—Entitlement Grants	14.218	B-01-MC-12-0017	-	535,338
Total CDBG-Entitlement Grants Cluster			-	535,338
Department of Justice				
Direct Program:				
Juvenile Mentoring Program	16.726		-	23,572
Total Department of Justice			-	23,572
Total Expenditures of Federal Awards			\$ -	\$ 850,831

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards of Boys & Girls Clubs of the Suncoast, Inc. for the year ended June 30, 2020. 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 Boys & Girls Clubs of the Suncoast, Inc.; therefore, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Boys & Girls Clubs of the Suncoast, Inc.

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 principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Boys & Girls Clubs of the Suncoast, Inc. has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 COMMUNITY DEVELOPMENT BLOCK GRANT

The Boys & Girls Clubs of the Suncoast, Inc. 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. However, City resolution 2016-405 accelerated the forgiveness of this lien to December 31, 2022. The outstanding balance at June 30, 2020 is \$535,338.

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? x yes no
 - Significant deficiency identified? x yes none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness identified? yes x no
 - Significant deficiency identified? x yes 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)? x yes no

Identification of Major Federal Programs

CFDA Number(s)

14.218

Name of Federal Program or Cluster

CDBG-Entitlement Grants Cluster: Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Section II – Financial Statement Findings

2020 – 001: In-Kind Lease Agreements

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

Condition: The organization did not record two in-kind lease agreements.

Criteria or specific requirement: The organization should review lease agreements where they receive the use of facilities without charge and recognize those contributions when provided.

Context: While performing audit procedures, we tested the lease agreements of the four facilities that the Organization leases. We identified two instances where in-kind leases were not recorded.

Effect: The organization's in-kind lease receivable was understated by approximately \$95,000, support revenue with donor restriction was understated by approximately \$133,000, and in-kind materials and services expense was understated by approximately \$38,000.

Cause: The organization did not record in-kind lease agreements.

Repeat Finding: No

Recommendation: The organization should review lease agreements where they receive the use of facilities without charge and recognize those contributions when provided. The Organization should incorporate these transactions as part of their month-end or year-end closing process.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Boys & Girls Clubs of the Suncoast, Inc. will review, on a quarterly basis, all in-kind leases and the effect it will have on the statement of financial position and statement of activities, if any.

2020 – 002: Unconditional Promise to Give

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The organization treated three intentions to give as unconditional promises to give in prior periods.

Criteria or specific requirement: The organization should review grant agreements for language that would indicate an intention to give or a promise to give.

Context: While performing audit procedures, we tested 27 contributions and grants agreements and 9 contributions and grants receivable balances. We identified three instances where intentions to give were treated as unconditional promises to give in prior periods.

Effect: The organization's net assets beginning balance was overstated by approximately \$196,000 as of June 30, 2019 due to three intentions to give being treated as promises to give on prior periods. Additionally, as of June 30, 2019, the contributions and grant receivable balances were overstated by approximately \$164,000, support revenue without donor restriction was understated by approximately \$25,000, and support revenue with donor restriction was understated by approximately \$7,000.

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

The organization's support revenue with donor restriction was overstated by approximately \$16,000 and accounts receivable was overstated by approximately \$75,000 as of and for the year ended June 30, 2020.

Cause: The grant agreements were initially recognized as unconditional promises to give.

Repeat Finding: No

Recommendation: The organization should evaluate grant agreements for language that would indicate whether an agreement is an intention to give or a promise to give.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Boys & Girls Clubs of the Suncoast, Inc. will update its revenue recognition policy to ensure that any revenue booked as a receivable is a written promise to give.

Section III – Findings and Questioned Costs – Major Federal Programs

2020 – 003: Reporting

Federal agency: U.S. Department of Housing and Urban Development

Federal program title: Community Development Block Grants

CFDA Number: 14.218

Pass-Through Agency: City of St. Petersburg, Florida

Pass-Through Number(s): B-01-MC-12-0017

Award Period: April 23, 2003-January 1, 2034

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: Per the contract agreement with the City of St. Petersburg, Florida it is stated that, "When the Property is occupied and offering services, Contractor shall provide a monthly report which shall include items noted in Exhibit D Monthly Service Report and Exhibit E Monthly Client Demographic Report of contract."

Condition: The Boys & Girls Clubs of the Suncoast, Inc. (the Club) is currently reporting the performance measures to their pass-through entity but not at the required frequency prescribed in the contract agreement. Additionally, there is no internal review of the information used to populate the data before is submitted to the City.

Questioned costs: None.

Context: Out of the three months selected to test the performance reporting requirement, all selections have been reported to the City but they had not been submitted in a timely manner. Additionally, there was no evidence of review of the information before it was submitted.

BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Cause: The contract agreement between the City and the Club was initiated back in 2002 and most expenditures occurred in 2004. As the compliance requirements continue to be in effect through the period in which there is a lien on the Property, over time the program has changed hands and communication between the City and the Club has not been consistent in regards to what reporting items would still be required.

Effect: The Club could cause their pass-through entity to under report their performance measures each quarter if they are not receiving the updated information from the Club as prescribed by the contract agreement.

Repeat Finding: No.

Recommendation: The Club should submit their monthly performance reporting to the City as noted in the agreement with the City. Additionally, the Club should implement an internal review process before the information is submitted to the City.

Views of responsible officials: There is no disagreement with the audit finding. All grant reporting requirements will be reviewed upon receipt by Director of Grants and Chief Operating Officer and shared with all necessary parties. Parties responsible for collecting data for reporting will have internal deadlines to supply information to the designated person responsible for submitting the report. Once all information is collected, the Chief Operating Officer will review information before it is submitted to the appropriate grantor.

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**



**BOYS & GIRLS CLUBS
Of The Suncoast**

Department of Housing and Urban Development

The Boys & Girls Clubs of the Suncoast, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: July 1, 2019 through June 30, 2020

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**PINELLAS COUNTY
Club Services Center**

4625 East Bay Drive
Suite 103
Clearwater, Florida 33764
(727) 524-2427
FAX (727) 524-3090
www.bgcsun.org

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2020-001 Material Weakness in Internal Control over Financial Reporting

Recommendation: The organization should review lease agreements where they receive the use of facilities without charge and recognize those contributions when provided. The Organization should incorporate these transactions as part of their month-end or year-end closing process.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Boys & Girls Clubs of the Suncoast, Inc. will review, on a quarterly basis, all in-kind leases and the effect it will have on the statement of financial position and statement of activities, if any.

Name of the contact person responsible for corrective action: Mark Palmer, Director of Finance

Planned completion date for corrective action plan: January 31, 2021

SIGNIFICANT DEFICIENCY

2020-002 Significant Deficiency Weakness in Internal Control over Financial Reporting

Recommendation: The Organization should evaluate grant agreements for language that would indicate whether an agreement is an intention to give or a promise to give.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Boys & Girls Clubs of the Suncoast, Inc. will update its revenue recognition policy to ensure

Freddy Williams
President/CEO

**Corporate Board
Officers:**

Angela Wright
Board Chair

Brian Davis
Chair Elect

Jeff Tanzer
Vice Chair

Dr. Rachel Dawkins
Vice Chair

Mike Hajek III
Treasurer

Rolfe Duggar
Secretary



GREAT FUTURES START HERE.



**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

that any revenue booked as a receivable is a written promise to give.

Name of the contact person responsible for corrective action: Mark Palmer, Director of Finance

Planned completion date for corrective action plan: January 31, 2021

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

SIGNIFICANT DEFICIENCY

Department of Housing and Urban Development

2020-003 Community Development Block Grants – CFDA No. 14.218

Recommendation: The Club should submit their monthly performance reporting to the City as noted in the agreement with the City. Additionally, the Club should implement an internal review process before the information is submitted to the City.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: All grant reporting requirements will be reviewed upon receipt by Director of Grants and Chief Operating Officer and shared with all necessary parties. Parties responsible for collecting data for reporting will have internal deadlines to supply information to the designated person responsible for submitting the report. Once all information is collected, the Chief Operating Officer will review information before it is submitted to the appropriate grantor.

Name of the contact person responsible for corrective action: Mandy Burnette, COO

Planned completion date for corrective action plan: December 4, 2020

If the Department of Housing and Urban Development has questions regarding this plan, please call Mandy Burnette at 727-351-4994.