



Boys' and Girls' Clubs of Northeast Florida, Inc.

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

July 31, 2023 and 2022




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Independent Auditor's Report

Board of Governors
Boys' and Girls' Clubs of Northeast Florida, Inc.
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Boys' and Girls' Clubs of Northeast Florida, Inc., which comprises the statements of financial position as of July 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Boys' and Girls' Clubs of Northeast Florida, Inc. as of July 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are required to be independent of Boys' and Girls' Clubs of Northeast Florida, Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 of financial statements that are free of material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 financial statements.



In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Boys' and Girls' Clubs of Northeast Florida, Inc. taken as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for the year ended July 31, 2023, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of the Boys' and Girls' Clubs of Northeast Florida Inc.'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 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 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 Boys' and Girls' Clubs of Northeast Florida, Inc.'s internal control over financial reporting and compliance.

FORVIS,LLP

**Jacksonville, Florida
December 21, 2023**

Boys' and Girls' Clubs of Northeast Florida, Inc.
Statements of Financial Position
July 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 1,257,092	\$ 5,898,188
Investments	67,879	67,879
Grants receivable	2,990,887	1,935,440
Accounts receivable	1,480	4,346
Prepaid expenses	73,027	46,862
Land, buildings and equipment, net	12,115,408	11,355,300
Operating right-of-use assets, net	217,474	-
Other assets	28,572	31,080
	<u>16,751,819</u>	<u>19,339,095</u>
Total assets	<u>\$ 16,751,819</u>	<u>\$ 19,339,095</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 964,484	\$ 584,451
Accrued payroll and related expenses	489,774	423,691
Conditional contribution advance	-	290,830
Operating lease liabilities	217,474	-
Notes payable	1,163,267	1,244,053
	<u>2,834,999</u>	<u>2,543,025</u>
Total liabilities	<u>2,834,999</u>	<u>2,543,025</u>
Net assets:		
Without donor restrictions	13,274,293	15,831,477
With donor restrictions	642,527	964,593
	<u>13,916,820</u>	<u>16,796,070</u>
Total net assets	<u>13,916,820</u>	<u>16,796,070</u>
Total liabilities and net assets	<u>\$ 16,751,819</u>	<u>\$ 19,339,095</u>

See accompanying notes.

Boys' and Girls' Clubs of Northeast Florida, Inc.
Statements of Activities
Years Ended July 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues						
Governmental agency contracts and grants	\$ 14,562,897	\$ -	\$ 14,562,897	\$ 10,292,431	\$ -	\$ 10,292,431
Foundation grants	1,174,295	432,280	1,606,575	717,408	894,167	1,611,575
United Way	250,726	-	250,726	291,286	-	291,286
Contributions	767,637	-	767,637	7,873,463	-	7,873,463
Contributed nonfinancial assets	154,098	-	154,098	118,108	-	118,108
Program service fees	338,674	-	338,674	100,482	-	100,482
Special events	1,117,077	-	1,117,077	970,870	-	970,870
Other income	378,656	-	378,656	212,281	-	212,281
	18,744,060	432,280	19,176,340	20,576,329	894,167	21,470,496
Net assets released from restrictions	754,346	(754,346)	-	1,734,469	(1,734,469)	-
Total public support and revenues	19,498,406	(322,066)	19,176,340	22,310,798	(840,302)	21,470,496
Expenses:						
Program services	19,830,132	-	19,830,132	13,089,963	-	13,089,963
Supporting services:						
General and administrative	916,276	-	916,276	909,195	-	909,195
Fundraising	1,309,182	-	1,309,182	1,076,097	-	1,076,097
Total expenses	22,055,590	-	22,055,590	15,075,255	-	15,075,255
Change in net assets	(2,557,184)	(322,066)	(2,879,250)	7,235,543	(840,302)	6,395,241
Net assets, beginning	15,831,477	964,593	16,796,070	8,595,934	1,804,895	10,400,829
Net assets, ending	\$ 13,274,293	\$ 642,527	\$ 13,916,820	\$ 15,831,477	\$ 964,593	\$ 16,796,070

See accompanying notes.

Boys' and Girls' Clubs of Northeast Florida, Inc.
Statements of Functional Expenses
Year Ended July 31, 2023

	Program Expenses	Supporting Services			Total
	Social Development	General and Administrative	Fundraising	Total	
Personnel:					
Salaries	\$ 10,345,045	\$ 545,284	\$ 626,712	\$ 1,171,996	\$ 11,517,041
Employee health and retirements benefits	703,347	82,542	108,885	191,427	894,774
Taxes and other	928,416	63,347	51,093	114,440	1,042,856
Total personnel expenses	<u>11,976,808</u>	<u>691,173</u>	<u>786,690</u>	<u>1,477,863</u>	<u>13,454,671</u>
Supplies and food	3,694,829	1,365	5,810	7,175	3,702,004
Occupancy	344,303	2	24	26	344,329
Building and grounds maintenance	713,497	-	-	-	713,497
Professional fees and contract labor	190,656	72,225	2,678	74,903	265,559
Transportation	604,105	-	266	266	604,371
Contract labor	73,731	27,931	1,036	28,967	102,698
Insurance	301,932	35,797	-	35,797	337,729
Equipment rental and maintenance	297,507	46,970	23,594	70,564	368,071
Other	91,166	6,340	2,351	8,691	99,857
Staff development	342,862	1,616	3,334	4,950	347,812
Telephone	207,345	1,110	1,135	2,245	209,590
Dues	28,657	68	123	191	28,848
Postage and shipping	2,832	24,193	-	24,193	27,025
Interest expense	23,598	10	375,227	375,237	398,835
Special events	150,119	-	106,855	106,855	256,974
In-kind expenses	47,242	7,476	59	7,535	54,777
Prizes and awards	43,006	-	-	-	43,006
Total expenses before non-cash expenses	<u>19,134,195</u>	<u>916,276</u>	<u>1,309,182</u>	<u>2,225,458</u>	<u>21,359,653</u>
Depreciation and amortization	<u>695,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695,937</u>
Total expenses	<u><u>\$ 19,830,132</u></u>	<u><u>\$ 916,276</u></u>	<u><u>\$ 1,309,182</u></u>	<u><u>\$ 2,225,458</u></u>	<u><u>\$ 22,055,590</u></u>

See accompanying notes.

Boys' and Girls' Clubs of Northeast Florida, Inc.
Statements of Functional Expenses
Year Ended July 31, 2022

(Continued)

	Program Expenses	Supporting Services			Total
	Social Development	General and Administrative	Fundraising	Total	
Personnel:					
Salaries	\$ 6,843,765	\$ 520,710	\$ 442,121	\$ 962,831	\$ 7,806,596
Employee health and retirements benefits	429,385	52,453	56,307	108,760	538,145
Taxes and other	679,273	43,699	43,428	87,127	766,400
Total personnel expenses	7,952,423	616,862	541,856	1,158,718	9,111,141
Supplies and food	1,543,295	1,421	3,420	4,841	1,548,136
Occupancy	275,407	44	-	44	275,451
Building and grounds maintenance	508,126	317	19	336	508,462
Professional fees	108,133	42,162	33,783	75,945	184,078
Transportation	339,803	122	206	328	340,131
Contract labor	262,339	128,158	1,242	129,400	391,739
Insurance	289,486	24,241	14,255	38,496	327,982
Equipment rental and maintenance	377,480	25,860	6,750	32,610	410,090
Other	81,486	15,770	21,794	37,564	119,050
Staff development	235,417	28,512	7,786	36,298	271,715
Telephone	174,125	2,423	3,272	5,695	179,820
Dues	80,468	403	10,162	10,565	91,033
Postage and shipping	2,955	497	18	515	3,470
Interest expense	29,761	14,569	-	14,569	44,330
Special events	143,663	4,888	337,031	341,919	485,582
In-kind expenses	23,622	-	94,486	94,486	118,108
Prizes and awards	11,978	2,946	17	2,963	14,941
Total expenses before non-cash expenses	12,439,967	909,195	1,076,097	1,985,292	14,425,259
Depreciation and amortization	649,996	-	-	-	649,996
Total expenses	<u>\$ 13,089,963</u>	<u>\$ 909,195</u>	<u>\$ 1,076,097</u>	<u>\$ 1,985,292</u>	<u>\$ 15,075,255</u>

See accompanying notes.

Boys' and Girls' Clubs of Northeast Florida, Inc.
Statements of Cash Flows
Years Ended July 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,879,250)	\$ 6,395,241
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	695,937	649,996
Loss on disposal of equipment	11,371	11,814
Noncash operating lease expense	64,742	-
Grants receivable	(1,055,447)	(576,434)
Accounts receivable	2,866	(3,546)
Prepaid expenses and other assets	(23,657)	88,093
Accounts payable	380,033	241,684
Accrued payroll and related expenses	66,083	124,125
Conditional contribution advance	(290,830)	(403,195)
Operating lease liabilities	(64,742)	-
Net cash provided (used) by operating activities	<u>(3,092,894)</u>	<u>6,527,778</u>
Cash flows from investing activities:		
Purchase of land, buildings, and equipment	(1,467,416)	(1,769,653)
Proceeds from sale of investments	-	15,864
Net cash used by investing activities	<u>(1,467,416)</u>	<u>(1,753,789)</u>
Cash flows from financing activities:		
Principal payments on notes payable	(80,786)	(81,144)
Net cash used by financing activities	<u>(80,786)</u>	<u>(81,144)</u>
Net increase (decrease) in cash	(4,641,096)	4,692,845
Cash, beginning	5,898,188	1,205,343
Cash, ending	<u>\$ 1,257,092</u>	<u>\$ 5,898,188</u>
Supplementary Information:		
Cash paid for interest	<u>\$ 47,791</u>	<u>\$ 44,330</u>

See accompanying notes.

Notes to Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

Organization

The Boys' and Girls' Clubs of Northeast Florida, Inc. (the "Organization"), a non-profit corporation, was incorporated under the laws of the State of Florida on July 25, 1962. Its purpose is to provide guidance to youth and to promote their health, social, education, vocational and character development. The current mission of the Organization is "to inspire and enable all young people, especially those who need us most, to realize their full potential as productive, responsible and caring citizens." The Organization is supported primarily by grants and contributions.

Basis of accounting

The financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Basis of presentation

Net assets and revenue, gains, expenses and losses are required to be classified as without or with donor restrictions based upon the following criteria:

1. Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
2. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash consists of cash on deposit in banks.

Grants receivable

Grants receivable consist primarily of amounts due to the Organization from governmental units under the terms of various contracts. No allowance for doubtful accounts has been established due to the nature of these agencies.

Unconditional promises to give are recorded as receivables and contribution revenue when the promises are received. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received.

Fair value measurements

Generally accepted accounting principles in the United States of America ("GAAP") define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

Land, buildings and equipment

Land, buildings and equipment that are purchased are recorded at cost. Land, buildings, and equipment purchased in excess of \$2,000 are capitalized. Contributed land, buildings and equipment are valued at fair market value at the date of donation. Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 to 40 years
Furniture and equipment	3 to 10 years

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position as of July 31, 2023. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

Public support and revenues

Government grants are recorded based on the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Such revenue is subject to audit by the grantor and, if the examination results in a non-allowance of units of service or expenses, the Organization will be required to reimburse any overpayments.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service.

The Organization recognizes revenue for certain donated services and other in-kind contributions received at fair value as of the date of the gift.

Income taxes

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of July 31, 2023.

Expense allocation

The cost of providing program and management activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Organization uses the direct costing method to allocate costs. Directly identifiable expenses are charged to the programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Subsequent events

The Organization has evaluated the effect subsequent events would have on the financial statements through December 21, 2023, which is the date the financial statements were available to be issued.

Adoption of new accounting standards

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use ("ROU") asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, i.e., the comparatives under ASC 840 option.

The Organization adopted Topic 842 on August 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Organization elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Organization has lease agreements with nonlease components that relate to the lease components. The Organization elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all leases. Also, the Organization elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Organization did not elect the hindsight practical expedient in determining the lease term for existing leases as of August 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities as of August 1, 2022, of \$282,216, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. The standard did not significantly affect the Organization's statements of activities, cash flows, or functional expenses.

2. Availability of Financial Assets

The following reflects the Organization's financial assets as of the financial position date reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Boys' and Girls' Clubs of Northeast Florida, Inc.
Notes to Financial Statements

Financial assets at July 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,257,092	\$ 5,898,188
Grants and accounts receivable	<u>2,992,367</u>	<u>1,939,786</u>
	<u>4,249,459</u>	<u>7,837,974</u>
Those unavailable for general expenditures within one year due to: Donor-imposed restrictions with time or purpose restrictions	<u>(642,527)</u>	<u>(964,593)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,606,932</u>	<u>\$ 6,873,381</u>

The Organization is substantially supported by contracts and grants that are received on a reimbursement basis, as well as contributions. Because a donor's restriction on a contribution requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization also has a significant degree of flexibility and discretion to manage its costs based on the annual contribution levels and financial assets available.

3. Land, Buildings and Equipment

Land, buildings and equipment consist of the following at July 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 13,822,080	\$ 13,504,047
Land and improvements	2,081,964	1,394,840
Furniture, fixtures and other equipment	912,447	804,603
Transportation equipment	1,052,168	916,063
Construction in progress	<u>368,249</u>	<u>245,286</u>
	18,236,908	16,864,839
Accumulated depreciation	<u>(6,121,500)</u>	<u>(5,509,539)</u>
	<u>\$ 12,115,408</u>	<u>\$ 11,355,300</u>

4. Conditional Contribution Advance

The Organization received a conditional contribution of \$646,960 during the year ended July 31, 2022. The funds were received in advance and are conditional upon the completion of the Organization's culinary expansion project and other terms and conditions. As of July 31, 2022, the project was in progress with \$290,830 still subject to the terms and conditions of the conditional contribution. The project was completed during 2023 and the remaining balance was recognized as revenue.

5. Line of Credit

The Organization has a \$1,500,000 secured line of credit with a bank that is collateralized by substantially all of the Organization's assets. Interest is payable monthly at the Prime rate plus 2.42%, with a floor rate of 3.5% (10.92% at July 31, 2023). In April 2023, the maximum borrowings under the line of credit increased to \$2,000,000 and the line was renewed through February 2025. There was no balance on the line of credit as of July 31, 2023 and 2022.

6. Notes Payable

Notes payable consisted of the following at July 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Mortgage note	\$ 678,803	\$ 725,738
Construction note	<u>484,464</u>	<u>518,315</u>
	<u>\$ 1,163,267</u>	<u>\$ 1,244,053</u>

Mortgage note

The Organization entered into a promissory note dated January 31, 2013. On February 18, 2020, the note was refinanced. The note is payable in 120 monthly installments of \$6,084 including interest of 3.65%. A final payment of unpaid principal and interest is due and payable on February 18, 2030. The note is secured by real property. The note agreement requires the Organization to comply with various covenants and reporting requirements.

Construction note

The Organization has a construction note payable dated April 29, 2013, with an available draw amount of \$750,000 with a financial institution. On February 18, 2020, the note was refinanced. The note is payable in 120 monthly installments of \$4,372 including interest of 3.65%. A final payment of unpaid principal and interest is due and payable on February 18, 2030. The note is cross-collateralized and secured by real property. The Construction Note Agreement requires the Organization to comply with various covenants and reporting requirements.

Boys' and Girls' Clubs of Northeast Florida, Inc.
Notes to Financial Statements

Maturities of notes payable are as follows:

2024	\$	83,713
2025		87,113
2026		90,392
2027		93,794
2028		97,248
Thereafter		<u>711,007</u>
	\$	<u>1,163,267</u>

7. Leases

Operating leases

The Organization leases office space under a non-cancellable operating lease with an initial term of 60 months, expiring in September 2026. The lease requires monthly payments of \$5,975 and the payment of all executory costs (property taxes, maintenance and insurance). Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

All leases

The Organization does not have any leases with related parties. The Organization's leases do not contain any material residual value guarantees or material restrictive covenants.

The lease cost and other required information for the year ended July 31, 2023, are:

Lease expense:		
Operating lease fixed cost	\$	71,700
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases		64,742
Weighted-average remaining lease term:		
Operating leases		3.17 years
Weighted-average discount rate:		
Operating leases		2.82%

Boys' and Girls' Clubs of Northeast Florida, Inc.
Notes to Financial Statements

Future minimum lease payments and reconciliation to the statement of financial position at July 31, 2023, are as follows:

	<u>Operating Leases</u>
2024	\$ 72,054
2025	71,539
2026	71,535
2027	<u>11,922</u>
Total future undiscounted lease payments	227,050
Interest	<u>(9,576)</u>
Lease liabilities	<u>\$ 217,474</u>

At July 31, 2022, commitments, including contractual escalations under these leases were as follows:

2023	\$ 89,943
2024	85,919
2025	74,545
2026	71,700
2027	<u>11,950</u>
	<u>\$ 334,057</u>

The Organization leases space to a tenant under a non-cancellable agreement. Future minimum rents to be received by the Organization under the lease are as follows for the years ended July 31:

2024	\$ 120,000
2025	120,000
2026	<u>110,000</u>
	<u>\$ 350,000</u>

8. Contributed Nonfinancial Assets

The Organization recognized contributed nonfinancial assets of \$154,098 and \$118,108 within the statement of activities for the years ended July 31, 2023 and 2022, respectively. These consisted primarily of donated goods which are recorded at the estimated retail value of the item. The donated goods received by the Organization were used in administering the programs.

9. Commitments and Contingencies

In October 2017, the Organization entered into an agreement with the City of Jacksonville ("COJ"). The Organization was awarded \$891,710 drawn from Community Development Block Grant ("CDBG") funds, for the completion of the renovation of the Organization's Citi Teen Center. COJ awarded the CDBG funds in the form of a grant, subject to the Organization's compliance with the terms of the agreement and CDBG requirements. For a period of ten years through September 30, 2028, the Organization agreed to certain covenants and restrictions related to the property. COJ has the option of requiring the Organization to repay the CDBG funds in full if the Organization does not comply with CDBG program requirements or the terms of the agreement. The funds were accounted for as a governmental agency contracts and grants revenue since management believes that the Organization will be able to comply with the terms and conditions of the contract throughout the contract term.

10. Net Assets with Donor Restrictions

Donor restricted net assets consist of the following purpose restricted programs:

	<u>August 1, 2022</u>	<u>Increase / Contributions</u>	<u>Decreases / Uses</u>	<u>July 31, 2023</u>
Bridge	\$ 238,355	\$ 225,000	\$ (241,694)	\$ 221,661
Camp Deep Pond	144,954	-	(144,954)	-
Citi Culinary	186,534	12,280	(198,814)	-
Clanzel Brown	141,109	125,000	(141,109)	125,000
Community Foundation	67,879	-	-	67,879
JU Teen Center	24,275	-	(24,275)	-
TPC Teen Center	155,000	70,000	(3,500)	221,500
Woodland Acres	6,487	-	-	6,487
	<u>\$ 964,593</u>	<u>\$ 432,280</u>	<u>\$ (754,346)</u>	<u>\$ 642,527</u>
	<u>August 1, 2021</u>	<u>Increase / Contributions</u>	<u>Decreases / Uses</u>	<u>July 31, 2022</u>
Bridge	\$ 102,005	\$ 225,500	\$ (89,150)	\$ 238,355
Bus	-	100,000	(100,000)	-
Camp Deep Pond	150,090	41,667	(46,803)	144,954
Citi Culinary	690,878	-	(504,344)	186,534
Citi Phase 2	710,500	15,000	(725,500)	-
Clanzel Brown	20,000	300,000	(178,891)	141,109
Community Foundation	83,743	-	(15,864)	67,879
JU Teen Center	24,275	-	-	24,275
Lucy Gooding	8,404	-	(8,404)	-
TPC Teen Center	15,000	140,000	-	155,000
Woodland Acres	-	72,000	(65,513)	6,487
	<u>\$ 1,804,895</u>	<u>\$ 894,167</u>	<u>\$ (1,734,469)</u>	<u>\$ 964,593</u>

Boys' and Girls' Clubs of Northeast Florida, Inc.
Notes to Financial Statements

Upon expiration of donor restrictions, and approval of the Organization's board, the related funds may be reclassified to without donor restrictions under the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") and Accounting Standards Codification 958-205, *Not-for-Profit Entities—Presentation of Financial Statements*.

11. Concentrations

The Organization recognized revenue from two grantors totaling 58% and 65% of total revenues for the years ended July 31, 2023 and 2022, respectively. The Organization had receivables from two grantors totaling 29% of total grant receivables as of July 31, 2023. The Organization had receivables from one grantor totaling 13% of total grant receivables as of July 31, 2022.

12. Employee Benefit Plan

The Organization established a 401(k) plan (the "Plan") effective January 1, 2011, whereby employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length of service requirements. Under the Plan, employees may contribute an amount not to exceed the limit imposed by the Internal Revenue Service. The Organization may elect to make a discretionary profit-sharing contribution to the Plan. Discretionary profit sharing contributions under this plan were \$268,319 and \$183,479 for the years ended July 31, 2023 and 2022, respectively.

Supplementary Information

Boys' and Girls' Clubs of Northeast Florida, Inc.
Schedule of Expenditures of Federal Awards
Year Ended July 31, 2023

Federal Granting Agency/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Pass-Through Expenditures
Federal Programs:			
Cash Programs:			
<u>U.S. Department of Education:</u>			
Passed through Florida Department of Education			
21st Century Learning Center - THE PLAYERS Championship	84.287C	16N-2443B-3P001	\$ 276,531
21st Century Learning Center - Clay High School	84.287C	16N-2443B-3P002	218,914
21st Century Learning Center - Grove Park Elementary	84.287C	16N-2443B-3P003	232,601
21st Century Learning Center - Keystone Heights	84.287C	16N-2443B-3P004	168,740
21st Century Learning Center - Montclair Elementary	84.287C	16N-2443B-3P005	220,734
21st Century Learning Center - Orange Park Jr High	84.287C	16N-2443B-3P006	234,789
21st Century Learning Center - Orange Park High	84.287C	16N-2443B-3P007	280,993
21st Century Learning Center - Wilkinson Jr High	84.287C	16N-2443B-3P008	239,714
21st Century Learning Center - Mayport Coastal	84.287C	16N-2443B-3P009	198,114
21st Century Learning Center - IDEA Bassett Charter	84.287C	16N-2443B-3P010	274,046
21st Century Learning Center - IDEA River Bluff Charter	84.287C	16N-2443B-3P011	304,747
21st Century Learning Center - STEAM - Osceola	84.287C	16N-2443B-3PCC3	119,422
21st Century Learning Center - STEAM - Northwestern	84.287C	16N-2443B-3PCC5	202,391
21st Century Learning Center - STEAM - Woodland Park	84.287C	16N-2443B-3PCC6	174,921
21st Century Learning Center - STEAM - Celebration	84.287C	16N-2443B-3PCC7	<u>178,375</u>
Total U.S. Department of Education			<u>3,325,032</u>
<u>U.S Department of Justice:</u>			
Passed through Boys and Girls Clubs of America			
Citi Teen Center	16.726	2021-50143	27,164
Victory Pointe	16.726	2021-50144	27,872
Baxter E Luther	16.726	2021-50145	21,451
Impact	16.726	2021-50146	10,338
Learning Center	16.726	2021-50147	25,888
Southwind Villas	16.726	2021-50148	27,055
NFL YET	16.726	2021-50149	<u>24,248</u>
Total U.S. Department of Justice			<u>164,016</u>
<u>U.S. Department of Agriculture:</u>			
Passed through The State of Florida Department of Health			
Child Care Food Program	10.558	A-5648	1,394,580
Summer Break Spot	10.559	1,521	<u>595,025</u>
Total U.S. Department of Agriculture			<u>1,989,605</u>
Total awards expended			<u>\$ 5,478,653</u>

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards

NOTE A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization under programs of the federal government for the year ended July 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CRF") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B – 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. The Organization has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

***Other Reporting Required by
Government Auditing Standards***

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*

Independent Auditor's Report

Board of Governors
Boys' and Girls' Clubs of Northeast Florida, Inc.
Jacksonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boys' and Girls' Clubs of Northeast Florida, Inc. (a nonprofit organization) (the "Organization"), which comprise the Organization's statement of financial position as of July 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 21, 2023.

Report on 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) as a basis for designing 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of the 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.

FORVIS, LLP

Jacksonville, Florida

December 21, 2023

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

Independent Auditor's Report

Board of Governors
Boys' and Girls' Clubs of Northeast Florida, Inc.
Jacksonville, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Boys' and Girls' Clubs of Northeast Florida, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended July 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



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

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

FORVIS, LLP

Jacksonville, Florida

December 21, 2023

Schedule of Findings and Questioned Costs

Part I – Summary of Auditor’s Results

1. The Independent Auditor’s Report on whether the financial statements of Boys’ and Girls’ Clubs of Northeast Florida, Inc. (the “Organization”) were prepared in accordance with GAAP, dated December 21, 2023, expressed an unmodified opinion.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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* (report dated December 21, 2023) were noted.
3. No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were noted.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance (report dated December 21, 2023).
5. The Independent Auditor’s Report on Compliance for Each Major Federal Program and Report On Internal Control Over Compliance, (dated December 21, 2023), expressed an unmodified opinion.
6. There were no audit findings relative to the major federal awards program that are required to be reported in accordance with CFR 200.516(a).
7. The Organization’s major programs were the 21st Century Learning Center (ALN 84.287C) and the Child Care Food Program (ALN 10.558).
8. A threshold of \$750,000 was used to distinguish between Type A and Type B Programs.
9. The Organization does not qualify as a low-risk auditee as that term is defined in the Uniform Guidance.

Part II – Findings – Financial Statement Audit

None reported.

Part III – Findings and Questioned Costs – Major Federal Awards

None reported.