

BOYS & GIRLS CLUBS OF WEBER-DAVIS
(A Nonprofit Organization)
FINANCIAL REPORT
JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and management of
Boys & Girls Clubs of Weber-Davis

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Clubs of Weber-Davis (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Weber-Davis as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Boys & Girls Clubs of Weber-Davis as of June 30, 2020, were audited by other auditors whose report dated September 11, 2020, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of Boys & Girls Clubs of Weber-Davis'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 Boys & Girls Clubs of Weber-Davis'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 Boys & Girls Clubs of Weber-Davis's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in the notes to the financial statements, on July 1, 2020, the organization adopted Financial Accounting Standards Board Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, ASU No 606. Our opinion is not modified with respect to these matters.

Child, Richards CPAs & Advisors

Ogden, Utah
November 10, 2021

BOYS & GIRLS CLUBS OF WEBER-DAVIS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
Current assets		
Cash and cash equivalents	\$ 617,637	\$ 436,421
Restricted cash	35,184	35,050
Grants receivable	215,845	222,871
Prepaid expenses	48,674	-
Total current assets	<u>917,340</u>	<u>694,342</u>
Furniture, equipment and software		
Furniture, equipment and software	213,773	205,335
Less: accumulated depreciation	<u>(143,984)</u>	<u>(156,192)</u>
Total furniture, equipment and software	<u>69,789</u>	<u>49,143</u>
Other assets:		
Prepaid expenses	47,625	-
Restricted cash for Layton expansion	50,050	-
Investment	500	500
Total other assets	<u>98,175</u>	<u>500</u>
TOTAL ASSETS	<u><u>\$ 1,085,304</u></u>	<u><u>\$ 743,985</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 42,085	\$ 64,509
Accrued expenses	43,000	22,370
Deferred revenue	-	-
Refundable advance, PPP loan	-	174,255
Total current liabilities	<u>85,085</u>	<u>261,134</u>
Long-term liabilities		
Building loan	-	-
Total long-term liabilities	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>85,085</u>	<u>261,134</u>
Net assets		
Without donor restrictions:	914,985	437,801
With donor restrictions	85,234	45,050
Total net assets	<u>1,000,219</u>	<u>482,851</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,085,304</u></u>	<u><u>\$ 743,985</u></u>

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
REVENUE AND SUPPORT		
Donated materials and services	\$ 943,486	\$ 698,877
Grants and governmental assistance	1,464,761	902,711
Public support	63,423	297,497
Other income	8,716	515
TOTAL REVENUE AND SUPPORT OTHER THAN FUNDRAISING	<u>2,480,386</u>	<u>1,899,600</u>
Net assets released from restrictions	<u>-</u>	<u>49,450</u>
Fundraising:		
Event income	<u>203,024</u>	<u>279,610</u>
Total support from fundraising	<u>203,024</u>	<u>279,610</u>
TOTAL REVENUE AND SUPPORT	<u>2,683,410</u>	<u>2,228,660</u>
EXPENSES		
Program expenses	1,946,363	1,899,051
Fundraising	186,011	230,777
Administration	73,852	62,183
TOTAL EXPENSES	<u>2,206,226</u>	<u>2,192,011</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>477,184</u>	<u>36,649</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</u>		
REVENUE AND SUPPORT		
Grants, foundation and public support	\$ 40,184	\$ 62,672
Net assets released from restrictions	<u>-</u>	<u>(49,450)</u>
TOTAL REVENUE AND SUPPORT OTHER THAN FUNDRAISING	<u>40,184</u>	<u>13,222</u>
TOTAL CHANGE IN NET ASSETS	<u>517,368</u>	<u>49,871</u>
NET ASSETS, BEGINNING OF YEAR	<u>482,851</u>	<u>432,980</u>
NET ASSETS, END OF YEAR	<u>\$ 1,000,219</u>	<u>\$ 482,851</u>

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Programs and Services	Support Services		Total Expenses
		Fundraising	General and Administrative	
Salaries and wages	\$ 786,369	\$ 52,416	\$ 49,783	\$ 888,568
Payroll taxes and benefits	117,847	6,336	2,534	126,717
Program costs	177,779	-	-	177,779
Fundraising events	-	93,260	-	93,260
Training and travel	10,234	-	1,137	11,371
Insurance	31,991	340	1,702	34,033
Telephone	10,934	-	575	11,509
Depreciation	19,937	212	1,061	21,210
Professional services	152,279	1,620	8,100	161,999
Office supplies	5,597	60	298	5,954
Facilities/maintenance	43,523	463	2,315	46,301
Rent	588,178	31,286	6,257	625,721
Miscellaneous	1,696	18	90	1,804
Total functional expenses	<u>\$ 1,946,363</u>	<u>\$ 186,011</u>	<u>\$ 73,852</u>	<u>\$ 2,206,226</u>

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Programs and Services	Support Services		Total Expenses
		Fundraising	General and Administrative	
Salaries and wages	\$ 874,422	\$ 46,512	\$ 9,302	\$ 930,236
Payroll taxes and benefits	61,312	3,261	652	65,225
Program costs	25,100	-	-	25,100
Fundraising events	-	171,576	-	171,576
Training and travel	33,994	-	3,777	37,771
Insurance	25,535	272	1,358	27,165
Bank fees	6,237	-	693	6,930
Telephone	11,777	-	620	12,397
Depreciation	9,824	105	523	10,452
Professional services	131,102	1,395	6,974	139,471
Office supplies	101,832	1,083	5,417	108,332
Rent	611,668	6,507	32,536	650,711
Miscellaneous	6,248	66	331	6,645
Total functional expenses	<u>\$ 1,899,051</u>	<u>\$ 230,777</u>	<u>\$ 62,183</u>	<u>\$ 2,192,011</u>

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Cash flows from operating activities	2021	2020
Cash contributions	\$ 430,088	\$ 340,466
Cash received from grants	1,295,447	829,520
Cash received from fundraising events	203,024	279,610
Cash paid to employees	(867,572)	(981,676)
Cash paid to vendors	(787,728)	(496,827)
Net cash flows from operating activities	<u>273,259</u>	<u>(28,907)</u>
Cash flows from investing activities		
Acquisition of property and equipment	(41,859)	(28,525)
Net cash flows from investing activities	<u>(41,859)</u>	<u>(28,525)</u>
Cash flows from financing activities		
Proceeds from PPP Loan	-	251,800
Net cash flows from financing activities	<u>-</u>	<u>251,800</u>
Net change in cash	231,400	194,368
Cash at the beginning of the year	471,471	277,103
Cash at the end of the year	<u>\$ 702,871</u>	<u>\$ 471,471</u>
Reconciliation of change in net assets to net cash flows from operating activities		
Increase (decrease) in net assets	\$ 517,368	\$ 49,871
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities		
Assets to net cash flows from operating activities		
Depreciation	21,210	10,451
Inkind rent revenue	(625,721)	(639,721)
Inkind rent expense	625,721	639,721
PPP loan recognized as income	(174,255)	(77,545)
(Increase) decrease in grant receivable	4,941	4,354
(Increase) decrease in prepaid expenses	(94,214)	8,942
Increase (decrease) in accounts payable	(22,787)	46,678
Increase (decrease) in accrued expenses	20,996	(51,440)
Increase (decrease) in deferred revenue	-	(20,218)
Total adjustments	<u>(244,109)</u>	<u>(78,778)</u>
Net cash flows from operating activities	<u>\$ 273,259</u>	<u>\$ (28,907)</u>
Supplemental schedule of non-cash investing and financing activities		
Interest expense paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Boys & Girls Club of Weber-Davis (Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

Nature of Activities

Boys & Girls Club of Weber-Davis is a nonprofit corporation. The Organization is a locally recognized provider of recreation and counseling services to the youth of Weber and Davis counties in the state of Utah.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate the assets without restrictions for specific operations purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Revenue Recognition/Source of Funding

The provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, have been analyzed. It has been concluded that no changes are necessary to conform with the new standard. The program service fees are recognized at a point in time when service is provided, technical ownership, risks, and rewards are transferred. Funds received in advance of providing the services are recorded as deferred income until the services are provided.

Contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents, include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Furniture, and Equipment and Software

All major furniture, equipment and software expenditures purchased for more than \$1,000 are capitalized and recorded at cost. Donated furniture and equipment are recorded at their estimated fair values at the time of donation. Expenditures for maintenance and repairs are expensed as incurred. Furniture, equipment and software are depreciated on a straight-line basis over their estimated useful lives of three to ten years.

When furniture, equipment, and software are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the statements of activities. Depreciation expense for the years ended June 30, 2021 and 2020, was \$21,210 and \$10,451, respectively.

Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded during the years ended June 30, 2021 and 2020.

Contributions

Unconditional promises to give are recognized as contributions when pledged and recorded at the net present value of the amounts expected to be collected. Contributions are considered without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as with donor restrictions support that if they are received with donor stipulations that limit the use of the donated asset.

When a donor-imposed time restriction ends or purpose restricted is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction.

Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as net assets without donor restrictions. Capital campaign contributions are considered temporarily restricted until the asset is placed into service.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Promises to give

Promises to give are recorded at their estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Organization estimates the allowance based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. At June 30, 2021 and 2020, management of the Organization considers all promises to be collectible; therefore, no allowance has been recorded, respectively.

Income Taxes

The Organization is currently classified as a 501(c)(3) public charity under the Internal Revenue Code. As a public charity, the Organization is exempt from income taxes and, accordingly, no provision for income taxes is included in the accompanying statements.

The Organization has adopted FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. Management has determined FASB ASC 740 does not have a material impact on the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to fiscal year 2018.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the inputs into the programs in relation to the associated cost.

Donated Goods and Services

Donated services are recognized as contributions in accordance with Topic 958-605 of the FASB Accounting Standards Codification (FASB ASC 958-605), *Not-For-Profit Entities, Revenue Recognition* if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Volunteers also provide program services and fundraising services throughout the year that are not recognized as contributions in the financial statements because the recognition criteria under FASB ASC 958-605 were not met. Donated goods are recorded as contributions at their estimated fair values at the date of donation.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Change in Accounting Principle

In fiscal year 2021 the Organization adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which creates a single source of revenue guidance. The new standard provides accounting guidance for all revenue arising from contracts with customers and affects the entities that enter into contracts to provide goods and services to their customers (unless the contracts are in scope of other U.S. GAAP requirements, such as leasing literature).

The Organization has evaluated the impact of this statement and applied it prospectively. The implications of the standard have not had any impact on the measurement or recognition practices of revenue on the Organization. However, the Organization's method of handling revenue involves 1) identifying the contract, 2) identifying the performance obligations, 3) determining the transaction price, 4) allocating the transaction price to performance obligations, and 5) determining the satisfaction of the performance obligations. Additional disclosures are also required as a result of this ASU.

Upcoming Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2016-02, Leases (Topic 842), which amends existing accounting standards for lease accounting, including requiring lessees to recognize most leases on the balance sheet and making certain changes to lessor accounting. The new standard is effective for non-public entities for fiscal years beginning after December 15, 2021, and for interim periods therein with early adoption permitted. The Organization is currently evaluating the impact the new standard may have on its financial statements.

2. GRANTS RECEIVABLE

Various grants and accounts receivable arise in the normal course of operations of the Organization. Receivables are due 30 days after the issuance of the invoice and are considered delinquent when 90 days past due. Interest is not charged on past due receivables. Receivables are charged to operations as they become uncollectible. The collectability of accounts receivable was assessed and management has determined there should be no allowance for doubtful accounts as of June 30, 2021 and 2020, respectively.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

3. CASH AND CASH EQUIVALENTS

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Assets reserved for property improvements on the statements of financial position include restricted cash received with restrictions imposed by donors (but not yet spent) for property improvements. The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows.

	2021	2020
Cash and cash equivalents	\$ 617,637	\$ 436,421
Restricted cash - current	35,184	35,050
Restricted cash - Layton expansion	50,050	-
	\$ 702,871	\$ 471,471

4. PREPAID EXPENSES

The Organization has entered into a lease agreement and in December of 2020, they prepaid rent and utilities at a total of \$107,750. The monthly rent is \$2,750 and the utilities is \$500. This prepayment will provide the rent for 3 years and utilities for a year from December of 2020; therefore, a portion of this prepaid expense is reported as a long-term asset, for the rent, as it will not be used within one year.

5. RELATED PARTY TRANSACTIONS

The Organization has been dependent upon certain individuals, directors and other related parties to provide capital, management services, assistance in finding new sources for support and guidance in the development of the Organization's operations. The related parties have generally provided services and incurred expenses on behalf of the Organization or have provided the necessary support to allow the Organization to continue pursuing its goals.

The Organization paid annual dues to Boys & Girls Club of America of \$9,144 and \$8,306 for the years ended June 30, 2021 and 2020, respectively. The Organization owed \$0 and \$0, respectively, to the Boys & Girls Club of America at June 30, 2021 and 2020.

6. RESTRICTIONS ON NET ASSETS

As of June 30, 2021 and 2020, the Organization had \$965,035 and \$437,801, respectively, of net assets without donor restrictions and \$85,234 and \$45,050, respectively, of net assets with donor restrictions for the following purposes: \$35,184 grant funding restricted for FY 2021, \$50,050 for future projects in Davis County.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

7. DISAGGREGATION OF REVENUE AND PERFORMANCE OBLIGATIONS

The Organization considers performance obligations to be the rendering of services to its participants or fulfillment of grant obligations according to those contracts. When the services are rendered the obligations have been satisfied and revenue is recognized at that point in time. Transaction prices and amounts are allocated to the per

Transaction price and amounts allocated to performance obligations as the services are rendered.

Donations without performance obligations are recognized as revenue when the promise to give is awarded or the money is received.

A disaggregation of revenues based on the performance obligations is displayed below:

<u>Performance obligations satisfied at a point in time</u>	<u>2021</u>	<u>2020</u>
Donated materials and services	\$ 943,486	\$ 698,877
Grants and governmental assistance	1,504,945	902,711
Public support	63,423	297,497
Other income	7,900	515
Event income	<u>203,024</u>	<u>279,610</u>
Total revenues	<u>\$ 2,722,778</u>	<u>\$ 2,179,210</u>
<u>Performance obligations satisfied over time</u>	<u>2021</u>	<u>2020</u>
Donated materials and services	\$ -	\$ -
Grants and governmental assistance	-	-
Public support	-	-
Other income	-	-
Event income	<u>-</u>	<u>-</u>
Total revenues	<u>\$ -</u>	<u>\$ -</u>

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

8. CONTRACT BALANCES

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Statement of Financial Position.

The beginning and ending contract balances were as follows:

	2021	2020
Receivables	\$ 215,845	\$ 222,871
Unbilled receivables	-	-
Advances and deposits	-	-
	\$ 215,845	\$ 222,871

No revenue was recognized for the years ended June 30, 2021 and 2020 that that was included in the contract liability balance at the beginning of each year, respectively

9. DONATED OFFICE SPACE

The Organization has various locations in Weber and Davis counties in the state of Utah. These locations include facilities where the Organization provides programs to the kids in the Organization and an administrative office building. All of the rent is donated and each lease is on a month-to-month basis.

For the fiscal years ended June 30, 2021 and 2020, total rent expense, including common area maintenance costs, was \$585,725 and \$650,711, respectively.

10. OPERATING LEASES

In December 2020 the Organization entered into a lease agreement for an office space in Ogden Utah. This lease charged an amount of \$72,000 for the first year, \$27,000 for the second year, and the third year's rent will be donated to the Organization. The full amount of cost was paid at the inception of the lease at an average rate of \$2,750 per month in rent and \$500 in utilities. There are no future obligations with this lease.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

11. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its bank accounts with two financial institutions. Throughout the year the cash balance fluctuates and savings may, at times, exceed federally insured limits. At June 30, 2021 and 2020, bank balances exceeded the federally insured limits by \$270,013 and \$0, respectively.

At June 30, 2021, approximately 76 percent of total receivables (excluding donated materials and services) were due from two donors. At June 30, 2020, approximately 58 percent of total receivables (excluding donated materials and services) were due from four donors.

12. RETIREMENT SAVINGS PLAN

The Organization maintained a 401(k) plan for all eligible full-time employees. In 2019, the plan was changed to a safe harbor plan. On the first of January 2021 the Organization changed the 401(k) plan to a Simple IRA plan. Prior to this date, there was no required match by the Company. The current plan is funded by voluntary employee contributions and a required safe harbor match by the Organization. The Organization contributed \$5,346 and \$5,209 to the retirement plan during the year ended June 30, 2021 and 2020. As of June 30, 2021 and 2020, the Company had a payable of \$0 and \$3,707 for amounts due under the plan.

13. DONATED MATERIALS AND SERVICES

The Organization records the value of donated materials or services when there is an objective basis available to measure the value of the material and services. The value of these donated goods and services are also included in expenses. Donated materials and services included in the statements of activities for the fiscal years ended June 30 were:

	<u>2021</u>	<u>2020</u>
Rent	\$ 625,721	\$ 639,721
Scarecrow Donations	39,516	59,156
Other General Donations	48,054	-
	<u>\$ 713,291</u>	<u>\$ 698,877</u>

No amounts have been reflected in the financial statements for volunteer services as no objective basis is available to measure the value of these services. Nevertheless, a substantial number of volunteers donated significant amounts of time to the Organization's programs and fundraising efforts.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2021 and 2020

14. LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, areas follows:

	2021	2020
	\$	\$
Cash and cash equivalents	652,821	471,471
Accounts receivable	215,845	222,871
Other current assets	48,674	-
Less amounts not available to be used within one year:		
Donor-restricted funds	(35,184)	-
	\$	\$
	882,156	694,342

15. CONTINGENT LIABILITIES

The Organization has not fully complied with certain requirements applicable to its financial awards program. Consequently, some costs may subsequently be disallowed by the affected funding agency. The amount of costs that may subsequently be disallowed, if any, and any potential liability to the funding agency cannot be reasonably estimated.

16. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through November 10, 2021, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable subsequent events that were not properly disclosed.

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

To the Board of Trustees of
Boys & Girls Clubs of Weber-Davis

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 financial statements of Boys & Girls Clubs of Weber-Davis (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 November 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boys & Girls Clubs of Weber-Davis’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 Boys & Girls Clubs of Weber-Davis’s internal control. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Clubs of Weber-Davis’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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys & Girls Clubs of Weber-Davis’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.

Boys & Girls Clubs of Weber-Davis's Response to Findings

Boys & Girls Clubs of Weber-Davis's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Boys & Girls Clubs of Weber-Davis'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Child, Richards CPAs & Advisors

Ogden, Utah
November 10, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees and management of
Boys & Girls Clubs of Weber-Davis

Report on Compliance for Each Major Federal Program

We have audited Boys & Girls Clubs of Weber-Davis’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 Weber-Davis’s major federal programs for the year ended June 30, 2021. Boys & Girls Clubs of Weber-Davis’s major federal programs are identified in the summary of auditor’s 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Boys & Girls Clubs of Weber-Davis’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 Weber-Davis’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 of Boys & Girls Clubs of Weber-Davis’s compliance.

Opinion on Each Major Federal Program

In our opinion, Boys & Girls Clubs of Weber-Davis 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, 2021.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which would be required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of Boys & Girls Clubs of Weber-Davis 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 Weber-Davis'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 Weber-Davis's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-02 to be a significant deficiency.

Boys & Girls Clubs of Weber-Davis'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 Weber-Davis'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.

Child, Richards CPAs & Advisors

Ogden, Utah
November 10, 2021

**BOYS & GIRLS CLUBS OF WEBER-DAVIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Grantor Pass Through/Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Award Expended
Major Programs:			
Department of the Treasury Passed Through Ogden City			
Coronavirus Relief Fund	21.019	CRF21- 0275/0032	\$ 412,902
			<u>\$ 412,902</u>
Department of Health and Human Services Passed through Department of Workforce Services			
Childcare and Development Block Grant	93.575	602602703	\$ 87,252
Program Quality Enhancement Grant - Hillcrest	93.575	19DSW0082	9,485
OCC Summer 2020 Supplemental Grant	93.575	20DWS067/0766	64,800
			<u>\$ 161,537</u>
		Total Major Programs	<u>\$ 574,439</u>
Nonmajor Programs:			
Department of Education			
21st Century Community Learning Center Passed through Weber School Foundation	84.287	N/A	\$ 289,746
21st Century Community Learning Center	84.287	146351	106,520
			<u>\$ 396,266</u>
Department of Health and Human Services Passed through Department of Workforce Services			
Program Quality Enhancement Grant - Roy	93.558	19DWS0083	\$ 9,981
Temporary Assistance for Needy Families	93.558	21DWS0014	93,721
			<u>\$ 103,702</u>
		Total Nonmajor Programs	<u>\$ 499,968</u>
		Total Federal Awards Expended	<u><u>\$ 1,074,407</u></u>

See Accompanying Notes