

BOYS & GIRLS CLUBS OF GREATER SALT LAKE

**Financial Statements with
Federal Grant Awards (Uniform Guidance)
and
Independent Auditor's Report**

**For the Year Ended June 30, 2023
With Summarized Comparative Information for the
Year Ended June 30, 2022**



COMMITTED. EXPERIENCED. TRUSTED.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE

Table of Contents

	Page
Independent Auditor's Report.....	1-3
Financial Statements:	
Statements of Financial Position.....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statements of Cash Flows.....	7
Notes to the Financial Statements.....	8-21
Supplemental Information:	
Federal Single Audit:	
Report on Internal Control over Financial Reporting and on Compliance And Others Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	23-24
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with <i>the Uniform Guidance</i>	25-26
Schedule of Expenditures of Federal Awards.....	27
Notes to the Schedule of Expenditures of Federal Awards.....	28-29
Schedule of Findings, Questioned Costs, and Recommendations	30



COMMITTED. EXPERIENCED. TRUSTED.

INDEPENDENT AUDITOR'S REPORT

MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
JESSE S. MALMROSE, EA

SHAWN F. MARTIN, CPA
MONTANA T. HADLEY, CPA
NATHAN E. ERICKSON, EA

Board of Directors
Boys & Girls Clubs of Greater Salt Lake
Murray, Utah

Report on the Financial Statements

Opinion

We have audited the financial statements of Boys & Girls Clubs of Greater Salt Lake (the Club), which comprise the statements of financial position as of June 30, 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 the Boys & Girls Clubs of Greater Salt Lake as of June 30, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Club 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

FOUNDERS

E. LYNN HANSEN, CPA
CLARKE R. BRADSHAW, CPA
GARY E. MALMROSE, CPA
EDWIN L. ERICKSON, CPA

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 the Club's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Club'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 the Club'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 conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, on our consideration of the Club's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Club's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Club's internal control over financial reporting and compliance.

The prior year summarized comparative information has been derived from the Boys & Girls Clubs of Greater Salt Lake's June 30, 2022 financial statements and, in our report dated November 10, 2022 we expressed an unmodified opinion on those financial statements.

HBMC, LLC

December 1, 2023

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,020,965	\$ 2,510,401
Cash and cash equivalents, restricted	4,845	4,845
Pledges receivable (no allowance necessary)	110,000	182,051
Accounts and grants receivable (no allowance necessary)	349,454	169,070
Contract assets	34,432	19,853
Assets held in endowment	551,488	433,256
Deposits and prepaid expenses	13,410	15,018
Right-of-use asset	1,164,675	-
Total current assets	5,249,269	3,334,494
Noncurrent assets:		
Long term pledge receivable (no allowance necessary)	-	242,718
Property and equipment, net	15,438,956	12,643,731
Total noncurrent assets	15,438,956	12,886,449
Total assets	\$ 20,688,225	\$ 16,220,943
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 795,378	\$ 287,043
Accrued liabilities	330,999	256,009
Scholarships payable	230,478	180,759
Contract liabilities	103,032	54,625
Line of credit	17,823	-
Notes payable	168,552	83,741
Lease liability	153,371	-
Deferred gain on sale-leaseback transactions	11,441	11,441
Total current liabilities	1,811,074	873,618
Noncurrent liabilities:		
Notes payable	1,268,554	1,557,044
Lease liability	1,011,304	-
Deferred gain on sale-leaseback transactions	131,568	143,009
Total noncurrent liabilities	2,411,426	1,700,053
Total liabilities	4,222,500	2,573,671
Net assets:		
Without donor restrictions:		
Undesignated	15,483,491	11,665,128
With donor restrictions:		
Purpose restrictions	273,233	938,718
Perpetual in nature	551,488	557,578
Time-restricted for future periods	157,513	485,848
Total net assets	16,465,725	13,647,272
Total liabilities and net assets	\$ 20,688,225	\$ 16,220,943

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

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Statement of Activities
For the Year Ended June 30, 2023
With Summarized Comparative Information for the Year Ended June 30, 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	(summarized info)
REVENUES				
Public support:				
Government support	\$ 8,489,825	\$ -	\$ 8,489,825	\$ 3,463,672
Individual and corporate contributions	2,502,510	255,748	2,758,258	3,162,698
Total public support	10,992,335	255,748	11,248,083	6,626,370
Other revenue:				
Program fees and membership dues	974,220	-	974,220	969,163
Rental income	38,164	-	38,164	40,656
In-kind rental revenue	49,000	-	49,000	49,000
Net investment return	57,207	32,035	89,242	68,332
Recognized gain on sale-leaseback transaction	11,441	-	11,441	11,441
Net assets released from restrictions	1,287,693	(1,287,693)	-	-
Total other revenue	2,417,725	(1,255,658)	1,162,067	1,138,592
Total public support and other revenues	13,410,060	(999,910)	12,410,150	7,764,962
EXPENSES				
Program services:				
Youth programs	8,332,632	-	8,332,632	5,796,945
Capital campaign	237,874	-	237,874	-
Total program services	8,570,506	-	8,570,506	5,796,945
Supporting services:				
Administration	681,032	-	681,032	497,348
Marketing and fund-raising	340,159	-	340,159	319,114
Total supporting services	1,021,191	-	1,021,191	816,462
Total expenses	9,591,697	-	9,591,697	6,613,407
Changes in net assets	3,818,363	(999,910)	2,818,453	1,151,555
Net assets at beginning of year	11,665,128	1,982,144	13,647,272	12,495,717
Net assets at end of year	<u>\$ 15,483,491</u>	<u>\$ 982,234</u>	<u>\$ 16,465,725</u>	<u>\$ 13,647,272</u>

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

BOYS & GIRLS CLUBS OF GREATER SALT LAKE

Statement of Functional Expenses

For the Year Ended June 30, 2023

With Summarized Comparative Information for the Year Ended June 30, 2022

	Program Services			Supporting Services			2022 (summarized info)
	Youth Programs	Capital Campaign	Total	Administration	Marketing and Fundraising	Total	
Salaries and wages	\$ 4,066,923	-	\$ 4,066,923	\$ 130,473	\$ 6,298	\$ 136,771	\$ 4,203,694
Payroll taxes and employee benefits	631,094	-	631,094	18,553	700	19,253	650,347
Building maintenance and expense	879,435	237,874	1,117,309	142,754	-	142,754	1,260,063
Meals and snacks	161,247	-	161,247	350	-	350	161,597
Other program supplies	375,029	-	375,029	216	2,617	2,833	377,862
Equipment rental and expense	272,070	-	272,070	47,761	9,959	57,720	329,790
Travel and training	190,900	-	190,900	43,706	599	44,305	235,205
Office supplies and expense	52,220	-	52,220	18,039	1,712	19,751	71,971
Insurance expense	250,802	-	250,802	(1,056)	-	(1,056)	249,746
Professional fees	521,190	-	521,190	127,536	54,037	181,573	702,763
Interest and other financial	103,484	-	103,484	2,852	17,066	19,918	123,402
Scholarships	56,551	-	56,551	1,314	-	1,314	57,865
Events	-	-	-	-	247,171	247,171	247,171
Bad debt recoveries	(598)	-	(598)	(49)	-	(49)	(647)
Other expenses	4	-	4	122,614	-	122,614	122,618
Total expenses	7,560,351	237,874	7,798,225	655,063	340,159	995,222	8,793,447
Non-cash expenses:							
Depreciation and amortization	723,281	-	723,281	25,969	-	25,969	749,250
In-kind expenses	49,000	-	49,000	-	-	-	49,000
	772,281	-	772,281	25,969	-	25,969	798,250
Total expenses	\$ 8,332,632	\$ 237,874	\$ 8,570,506	\$ 681,032	\$ 340,159	\$ 1,021,191	\$ 9,591,697
							\$ 6,613,407

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

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,818,453	\$ 1,151,555
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	749,250	658,774
Recognized gain on sale leaseback	(11,441)	(11,441)
Unrealized loss on investments	-	1,647
Unrealized gain on endowment	(13,006)	(26,326)
Changes in assets and liabilities:		
Pledge receivable	314,769	312,897
Accounts and grants receivable	(180,384)	15,887
Contract assets	(14,579)	(6,025)
Right-of-use asset	1,164,675	-
Prepaid expenses and deposits	1,608	(11,681)
Accounts payable	508,335	135,303
Accrued liabilities	74,990	26,537
Scholarships payable	49,719	34,001
Contract liabilities	48,407	13,609
Lease liabilities	(1,164,675)	-
Net cash provided by operating activities	4,346,121	2,294,737
Cash flows from financing activities:		
Proceeds from notes payable	440,596	750,000
Principal payments on notes payable	(644,275)	(256,380)
Increase (decrease) in line of credit	17,823	(187,332)
Net cash provided (used) by financing activities	(185,856)	306,288
Cash flows from investing activities:		
Increase in assets held in endowment	(100,372)	(206,465)
Net realized gain on investments	-	(1,518)
Net realized (gain) loss on endowment	(19,029)	74,590
Proceeds from sale of investments	-	13,440
Proceeds from sale of assets held in endowment	14,175	-
Purchase of property	(3,544,475)	(1,467,715)
Net cash used by investing activities	(3,649,701)	(1,587,668)
Net increase (decrease) in cash and cash equivalents	510,564	1,013,357
Cash and cash equivalents at beginning of year	2,515,246	1,501,889
Cash and cash equivalents at end of year	\$ 3,025,810	\$ 2,515,246
Cash and cash equivalents, as reported:		
Cash and cash equivalents	\$ 3,020,965	\$ 2,510,401
Cash and cash equivalents, restricted	4,845	4,845
	\$ 3,025,810	\$ 2,515,246
Non-cash supplemental disclosures:		
Cash paid for interest	\$ 123,402	\$ 90,794
Fixed assets acquired with long-term debt	\$ 240,596	\$ -

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

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements
June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Boys & Girls Clubs of Greater Salt Lake (the Club) was organized by various cities and civic clubs in the Salt Lake Valley to provide recreation, learning activities, and behavior guidance to promote the health, social, educational, vocational and character development of young boys and girls. The Club relies primarily upon public support, membership dues and revenues from the Club's childcare program for its continued existence, serving over 7,000 youth throughout the Greater Salt Lake area.

Basis of presentation and net assets

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*.

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. From time-to-time, the governing board may designate, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. When applicable, gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Club reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of estimates

In preparing financial statements in conformity with accounting standards generally accepted in the United States of America (U.S. GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates, and those differences could be material.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

The Club considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition, when applicable. As of June 30, 2023 and 2022, cash and cash equivalents consist of the following:

	2023	2022
Cash	\$ 794,305	\$ 2,515,246
Money market funds	2,231,505	1,646,208
	\$ 3,025,810	\$ 4,161,454

Investments

Investments in marketable debt and equity securities are reported at cost, or if donated, at their fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is recorded in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Grants and accounts receivable

Grants and accounts receivable are recorded at the invoiced amount and do not bear interest. An allowance for doubtful accounts is recorded when the Club determines, based on historical experience and collection efforts, that an account is uncollectible. The Club reviews its allowance for doubtful accounts periodically. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote.

Contributions and pledges receivable

Contributions and pledges receivable that are to be collected within one year are recorded at net realizable value. When applicable, significant contributions or pledges receivable that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give using a present value discount technique. In periods after initial recognition, contributions receivable is reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and pledges receivable (Continued)

The discount rate determined at the initial recognition of the contribution receivable is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Club's past collection experience and its policies concerning the enforcement of contributions receivable, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. The Club uses the allowance method to determine uncollectible contributions. The allowance is based on historical experience and management's analysis of specific balances.

Assets held in endowment

Amounts reported as assets held in endowment are managed by Elevated Private Wealth Advisors (PWA) and represent the net cumulative contributions made to PWA for investment, as well as earnings thereon. PWA invests the funds on behalf of the Club and has variance power to modify any restriction or condition on the distribution of funds if, at the sole discretion of PWA, the specified charitable purpose becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the Club.

Property and equipment

Purchases of property and equipment are recorded at cost. Donated property and equipment are capitalized at its fair value at the date of donation. Depreciation is provided on the straight-line method over estimated useful lives of 40 years for buildings and improvements, three to eight years for equipment and vehicles or over the lease term where applicable.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization is removed from the accounts and any resulting gain or loss is recognized. Maintenance and repairs which neither materially add to the value of the property and equipment nor appreciably prolong its life are expensed as incurred.

Revenue and revenue recognition

Revenue is recognized when earned. Childcare fees, program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Public support and revenues

The Club derives its revenues from program fees, government contracts and grants, contributions and grants, and miscellaneous sources. Childcare and program revenue is recognized in the period to which the service or activity relates.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public support and revenues (Continued)

The Club 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, when applicable, by the participant at the event. Unless a verifiable objective means exists to demonstrate otherwise, the fair market value of meals and entertainment provided at special events is measured at actual cost to the Club. The direct costs of the special events, which ultimately benefit the donor rather than the Club, are recorded as costs of direct donor benefits.

Grants and other contributions of cash and other assets are reported at fair value at the date the written promise to give is received. Conditional promises to give or indications of intentions to give are not reported until the condition(s) are met. Restricted gifts are recorded as revenue when cash is received, or a written promise is given by a donor.

Contributions of donated non-cash assets are recorded at their fair market values when received. A substantial number of volunteers have donated significant amounts of time and services to the Club's program operations and fund-raising efforts. However, such contributed services do not meet the criteria for recognition of contributed services contained in U.S. GAAP and, accordingly, are not reflected in the accompanying financial statements. Other contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair market values when received.

The land on which the Murray Club building was originally constructed is leased from Murray City Corporation through the year 2046 for \$1 per year. Also, the land on which the Sugarhouse Club was originally constructed is leased from Salt Lake City Corporation through the year 2046 for \$1 per year. Neither the donee nor the donor determined the fair value of the leases, as they consider the valuation too difficult to determine; therefore, the related revenues and expenses are not recognized in these financial statements.

Functional allocation of expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area to which they pertain. Indirect costs are charged to programs and supporting services based on estimates made by management considering the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Club. As of June 30, 2021, the *Capital Campaign* function was discontinued.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Club is organized as a Utah nonprofit corporation and has been recognized by the IRS as exempt from federal (and state) income taxes under Section 501(c)(3) of the Internal Revenue Code. The Club is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Club is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that the Club is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The Club does not believe it has any material uncertain tax positions. The Club's 2020 and future tax returns, though not currently under audit, are subject to examination by both the Internal Revenue Service and applicable state tax commissions.

Fair value measurements

FASB ASC 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- *Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Club has the ability to access.
- *Level 2:* Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- *Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As of June 30, 2023, all investments were considered Level 1.

Advertising

Advertising costs are expensed when incurred. Advertising expense for the year ended June 30, 2023 was \$81,760. Advertising expenses are included in marketing and fund-raising in the Statement of Activities.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments and credit risk

The Club manages deposit concentration risk by placing cash, and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Club has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and foundations supportive of the mission of the Club. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Club.

Accounting Standards Adopted

Effective July 1, 2022, the Club adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Club has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Club accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Club recognized on July 1, 2022 (the beginning of the earliest period presented) (a) a lease liability of \$722,744, discounted using the risk-free borrowing rate available at inception of the lease, and (b) a right-of-use asset of \$722,744.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash, cash equivalents	\$ 3,020,965
Grants, accounts, and pledges receivable, net	459,454
Contract assets	34,432
Deposits	9,921
	<hr/>
	<u>\$ 3,524,772</u>

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

2. LIQUIDITY AND AVAILABILITY (CONTINUED)

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use, when applicable. Donor-restricted endowment funds are not available for general expenditure.

As part of the liquidity management plan, management invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve. No amounts were designated as of June 30, 2023.

3. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Amounts due in:		
Less than one year	\$ 110,000	\$ 182,051
Between one and five years	-	242,718
	110,000	424,769
Less: allowance for uncollectible pledges	-	-
Total pledges receivable	\$ 110,000	\$ 424,769

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following, at June 30, 2023 and 2022:

	2023	2022
Land	\$ 281,945	\$ 165,000
Construction in progress	1,312,739	-
Software	9,600	-
Building and improvements	18,053,396	16,771,929
Vehicles	880,737	455,126
Furniture and fixtures	1,792,757	1,394,644
	22,331,174	18,786,699
Less: accumulated depreciation	(6,892,218)	(6,142,968)
Net property and equipment	\$ 15,438,956	\$ 12,643,731

Depreciation and amortization expense was \$749,250 and \$658,774 for the years ended June 30, 2023 and 2022, respectively.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

5. COMMITMENT AND CONTINGENCIES

Legal proceedings

Management is not currently aware of claims or threatened claims that reasonably would be expected to exceed insurance limits, or otherwise have a material adverse effect upon the Club's financial position or activities.

6. LONG-TERM DEBT

Leases

The Club leases its operating and office space under long-term, non-cancelable operating leases agreements. The Club determines if an arrangement is a lease at the inception of the lease. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Right-of-use assets represent the Club's right to use an underlying asset for the lease term, and lease liabilities represent the Club's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The leases expire at various dates and provide renewal options. In the normal course of business, it is expected that these leases will be renewed, amended, or replaced by new leases. The leases provide for contractual increases in future minimum annual rental payments, with is recorded as lease liability (See note 1). Also, the agreements generally require the Club to pay executory costs (real estate taxes, insurance, and repairs).

As the Club generally is not able to determine the rate implicit in its leases, the Club uses the risk-free rate based on the information available at the commencement date in determining the present value of future lease payments. The operating lease right-of-use asset includes any prepaid lease payments and initial direct costs and excludes any lease incentives and impairments.

Operating lease costs is recognized on a straight-line basis over the lease term, and short-term lease cost is recognized when paid. Total lease expense for these operating leases for the year ended June 30, 2023 was approximately \$125,690 including in-kind rental benefit of \$49,000 for the Administrative Office. Management intends to remain in the building for the foreseeable future.

As of June 30, 2023, the weighted average remaining lease term and discount rate related to operating leases were 10.08 years and 3.48%, respectively.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

6. LONG-TERM DEBT (CONTINUED)

Leases

Future minimum lease payments as of, and subsequent to, June 30, 2023, under ASC Topic 842 *Leases* are as follows:

Years ended June 30,	Total
2024	
2025	172,789
2026	175,863
2027	179,030
2028	182,291
Thereafter	454,702
	\$ 1,164,675

Building sale-leaseback agreement

Midvale building

In January 2013, the Club entered into a sale-leaseback agreement with Midvale City, Utah (the City), wherein the City purchased the Midvale Building for \$1,050,000. Future minimum monthly payments consist of \$5,859, for a period of 23 years, commencing February 2013. This lease is accounted for as an operating lease. Approximately \$848,000 of the proceeds were used to pay off a note payable and line of credit with a local financial institution. The agreement was established to assist the Club in increasing its cash flow position and re-finance the note on the building. Lease expense totaled \$70,308 during the fiscal year ended June 30, 2023.

The agreement resulted in a gain on sale of the building and land of \$263,137, including an offset of \$7,513 in closing costs. Financial Accounting Standards Codification Topic 840, *Leases*, requires that the seller-lessee shall recognize any profit over the life of the lease. The Club recognized \$11,441 of the gain during the fiscal year ended June 30, 2023. \$131,568 remains as of June 30, 2023.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

6. LONG-TERM DEBT (CONTINUED)

A roll-forward of long-term debt balances are as follows for the year ended June 30 2023:

	June 30, 2022	Proceeds	Payments	June 30, 2023	Current Portion
Notes payable:					
Eccles Club mortgage	\$ 890,361	\$ -	\$ (247,399)	\$ 642,962	\$ 61,118
Tooele Club mortgage	748,916	-	(37,741)	711,175	24,465
Vehicle	1,508	240,596	(159,135)	82,969	82,969
Line of credit	-	217,823	(200,000)	17,823	17,823
	<u>\$ 1,640,785</u>	<u>\$ 458,419</u>	<u>\$ (644,275)</u>	<u>\$ 1,454,929</u>	<u>\$ 186,375</u>

Future maturities of the long-term debt balances are as follows for the years ended June 30:

	Eccles Club mortgage	Tooele Club mortgage	Note Payable - Vehicle	Line of Credit	Total
2024	\$ 61,118	\$ 24,465	\$ 82,969	\$ 17,823	\$ 186,375
2025	63,608	25,462	-	-	\$ 89,070
2026	66,199	26,499	-	-	\$ 92,698
2027	68,896	27,579	-	-	\$ 96,475
Thereafter	383,141	607,170	-	-	\$ 990,311
	<u>\$ 642,962</u>	<u>\$ 711,175</u>	<u>\$ 82,969</u>	<u>\$ 17,823</u>	<u>\$ 1,454,929</u>

Notes payable

Eccles Club Mortgage

During June 2021, the Club entered into a mortgage loan for \$1,139,629, for the purpose of refinancing the remaining balance of its construction note into permanent financing. The interest rate is fixed at 3.91%, with monthly payments of \$8,430, including interest, until maturity in July 2031.

Tooele Club Mortgage

During May 2022, the Club entered into a mortgage loan for \$750,000, for the purpose of purchasing the Tooele Club building. The interest rate is variable, based on the prime rate plus 1.00%, but will not change more than once every five years, nor be lower than 5.00%. As of June 30, 2023, the calculated rate was 5.00%.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

6. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Tooele Club Mortgage (Continued)

The note calls for 119 payments of \$4,417, and one balloon payment of \$560,250 at maturity in May 2032. However, whenever increases occur in the interest rate, the lender, at its option, may do one or more of the following: (A) increase the Club's payments to ensure the loan will pay off by its original final maturity date, (B) increase total payments to cover accruing interest, (C) increase the number of total payments, or (D) continue the original payments at the same amount and increase the final payment.

Vehicle Purchase

During September 2022, the Club entered into a note payable of \$240,596 to purchase passenger vans for the purpose of transporting kids. The agreement calls for monthly payments of \$21,044, with a 6.96% interest rate, through maturity in October 2023. As of June 30, 2023, the outstanding balance was \$82,969.

Line of credit

The Club entered into an agreement with a local financial institution to establish a line of credit totaling up to \$250,000. The interest rate is variable, based on the 30-day LIBOR. As of June 30, 2023, the rate was 4.99%, and the account balance was \$17,823. The line is unsecured.

7. ASSETS HELD IN ENDOWMENT

Dee Operations Endowment

The Club entered into an agreement with a donor, who is a member of the Board of Directors, during 2020 wherein the donor unconditionally pledged to donate \$100,000 each year for five years, totaling \$500,000. The purpose of the donation is to establish the Dee Operations Endowment for the Boys and Girls Clubs of Greater Salt Lake (The Dee Endowment), wherein any individual or entity may contribute. The Dee Endowment will provide a permanent, self-sustaining source of funding for the Club's programs and operations that directly serve club members. The Club is authorized to only distribute and spend earnings on the endowment. The endowment is held and managed by Elevated Private Wealth Advisors.

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of cash, accounts receivable and unappropriated earnings on permanent endowments as of June 30, 2023 and 2022 that are available for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
Capital campaign	\$ 4,844	\$ 242,718
Educational scholarships	230,479	180,759
Tooele Club remodel	-	500,000
Other	37,910	15,241
	273,233	938,718
Subject to the passage of time:		
Grant receivable	18,081	180,720
Childcare receivables	34,432	29,308
Youth development programs	105,000	275,820
	157,513	485,848
Perpetual in nature:		
Dee Operations Endowment	551,488	557,578
	551,488	557,578
Total net assets with donor restrictions	\$ 982,234	\$ 1,982,144

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Expiration of time restrictions		
Youth development programs	\$ 307,855	\$ 618,298
Grant receivable	180,720	184,957
Childcare receivables	29,308	13,828
	517,883	817,083
Satisfaction of purpose restrictions:		
Capital campaign	237,874	208,530
Educational scholarships	24,015	31,399
Youth development programs	-	166,112
Tooele Club remodel	500,000	-
Other	7,921	-
	769,810	406,041
	\$ 1,287,693	\$ 1,223,124

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

9. RETIREMENT PLAN

The Club sponsors and maintains a 401(k) profit-sharing plan (the Plan). The Plan covers qualifying employees age 21 or older who work 1,000 hours or more per year and complete one year of employment. The Club's contributions to the Plan totaled approximately \$25,000 for the year ended June 30, 2023, \$1,853 of which remained payable at June 30, 2023, and is included with accrued liabilities on the statement of net position.

10. RELATED PARTY TRANSACTIONS

The Club pays dues to Boys and Girls Clubs of America. Payments were \$15,421 for the year ending June 30, 2023.

Donations received from various members of the Board of Directors were approximately \$54,105, during the year ended June 30, 2023.

11. DISAGGREGATION OF REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from performance obligations satisfied at a point in time as well as satisfied over time consist of childcare fees. The Club satisfies its performance obligations in contracts with customers by providing childcare services. The Club recognizes revenues ratably over the specified contract with the customer based on childcare provided to the customer. Generally, payment is due from customers within a week or a month of the invoice date and the contracts do not have significant financing components. As the Club satisfies their performance obligations it is entitled to the amount of consideration expected in exchange for the services performed, generally weekly or monthly contractual billings. The Club is generally directly responsible for fulfilling its performance obligations in contracts with customers and does not rely on another party to fulfill its promise.

The disaggregation of the Club's revenue based on the timing of satisfaction of performance obligations for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Performance obligations satisfied at a point in time	\$ 957,759	\$ 978,258
Performance obligations satisfied over time	54,625	31,561
Total revenues	\$ 1,012,384	\$ 1,009,819

BOYS & GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Financial Statements (Continued)
June 30, 2023 and 2022

12. CONTRACT BALANCES

Upon receipt of a prepayment from a customer, the Club recognizes a contract liabilities in the amount of the prepayment for its performance obligation to provide services in the future. As of June 30, 2023, the Club has recorded liabilities in the amount of \$103,032, which the Club expects to recognize as revenue during 2023, when it provides services and, therefore, satisfies its performance obligation to the customer.

Contract assets and contract liabilities with customers were as follows for the years ended December 31, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contract assets	\$ 34,432	\$ 19,853	\$ 13,828
Contract liabilities	103,032	54,625	31,561

13. SUBSEQUENT EVENTS

Management has evaluated for other subsequent events through December 1, 2023, the date which these financial statements were available to be issued.

SUPPLEMENTAL INFORMATION
FEDERAL SINGLE AUDIT



COMMITTED. EXPERIENCED. TRUSTED.

MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
JESSE S. MALMROSE, EA

SHAWN F. MARTIN, CPA
MONTANA T. HADLEY, CPA
NATHAN E. ERICKSON, EA

**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

To the Board of Directors
Boys and Girls Clubs of Greater Salt Lake

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boys and Girls Clubs of Greater Salt Lake (the Club) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Club’s basic financial statements, and have issued our report thereon dated December 1, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Club’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Club’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Club’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 Club’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.

FOUNDERS

E. LYNN HANSEN, CPA
CLARKE R. BRADSHAW, CPA
GARY E. MALMROSE, CPA
EDWIN L. ERICKSON, CPA

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Club's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Club'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 Club's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

NBMC, LLC

December 1, 2023



COMMITTED. EXPERIENCED. TRUSTED.

MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
JESSE S. MALMROSE, EA

SHAWN F. MARTIN, CPA
MONTANA T. HADLEY, CPA
NATHAN E. ERICKSON, EA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH *THE UNIFORM GUIDANCE***

Independent Auditor’s Report

To the Board of Directors
Boys and Girls Clubs of Greater Salt Lake

We have audited the Boys & Girls Clubs of Greater Salt Lake’s (the Club) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Club’s major federal programs for the year ended June 30, 2023. The Club’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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Club’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 (CFR) 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 the Club’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 the Club’s compliance.

FOUNDERS

E. LYNN HANSEN, CPA
CLARKE R. BRADSHAW, CPA
GARY E. MALMROSE, CPA
EDWIN L. ERICKSON, CPA

Opinion on Each Major Federal Program

In our opinion, the Boys & Girls Clubs of Greater Salt Lake's 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, 2023.

Report on Internal Control over Compliance

Management of the Club 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 the Club's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 the Club's internal control over compliance.

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

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

Purpose of This Report

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.

HBMC, LLC

December 1, 2023

BOYS AND GIRLS CLUBS OF GREATER SALT LAKE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Award Grant Number	Expenditures			Passed Through to Subrecipient
				From Pass-Through Awards	From Direct Awards	Total	
Services							
(Utah State Board of Education)	Child and Adult Care Food Program	10.558	None	\$ 47,466	\$ -	\$ 47,466	\$ -
(Utah State Board of Education)	Child and Adult Care Food Program	10.558	None	8,305	-	8,305	-
			Total U.S. Department of Agriculture	55,771	-	55,771	-
& Delinquency Prevention							
(Boys & Girls Clubs of America)	Child and Adult Care Food Program	16.726	None	15,000	-	15,000	-
(Sea Research Foundation)	Child and Adult Care Food Program	16.726	None	44,775	-	44,775	-
			Total U.S. Department of Justice	59,775	-	59,775	-
U.S. Department of Education							
(Utah State Board of Education)	COVID-19 Elementary and Secondary School Emerge 84.425D		None	236,558	-	236,558	-
(Canyons School District)	COVID-19 Elementary and Secondary School Emerge 84.425D		None	4,254	-	4,254	-
(Murray School District)	COVID-19 Governor's Emergency Education Relief (G 84.425C)		None	330	-	330	-
			Total U.S. Department of Education	241,142	-	241,142	-
U.S. Department of Health and Human Services							
(Utah Department of Health)	Personal Responsibility Education Program	93.092	None	5,008	-	5,008	-
(Utah Department of Health)	Rape Prevention and Education Program	93.136	None	25,085	-	25,085	-
(Utah Department of Health)	Sexual Risk Avoidance Education	93.235	None	8,411	-	8,411	-
(Utah Department of Workforce Services)	Temporary Assistance for Needy Families	93.558	None	53,392	-	53,392	-
(Salt Lake County)	Child Care and Development Block Grant	93.575	None	78,339	-	78,339	-
(Utah Department of Workforce Services)	Child Care and Development Block Grant	93.575	None	6,488,620	-	6,488,620	-
(Salt Lake County)	Social Services Block Grant	93.667	None	19,375	-	19,375	-
(Salt Lake County)	Substance Abuse Program	93.959	None	49,098	-	49,098	-
			Total U.S. Department of Health and Human Services	6,727,328	-	6,727,328	-
			TOTAL FEDERAL AWARDS EXPENDED	\$ 7,084,016	\$ -	\$ 7,084,016	\$ -

BOYS AND GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. PURPOSE OF THIS SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Boys and Girls Clubs of Greater Salt Lake (the Club) under programs of the federal government for the year ended June 30, 2023.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Club, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Club.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Basis of Presentation

The accompanying schedule includes the federal grant activity of the Club. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Federal Financial Assistance Pursuant to the Single Audit Act of 1984; the Single Audit Act Amendments of 2004, and the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Assistance Listing Number (ALN) - The Uniform Guidance requires the Schedule to show the total expenditures for each of the Club's federal financial assistance programs as identified in the ALN. The ALN is a government-wide summary of individual federal programs. Each program included in the ALN is assigned a five-digit program identification number which is reflected in the Schedule. Federal financial assistance programs and contracts which have not been assigned a ALN number have been identified as Unknown in the ALN Column of the schedule.

Type A and Type B Programs - The Single Audit Act of 1984 (as amended in 2004) and the Uniform Guidance establish the levels to be used in defining Type A and Type B federal programs. Type A programs for The Club are those programs that exceeded \$750,000 in the federal awards expended for the fiscal year ended June 30, 2021. All other programs are classified as Type B programs by the Club.

3. FEDERAL DE MINIMIS INDIRECT RATE

The Club has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

BOYS AND GIRLS CLUBS OF GREATER SALT LAKE
Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

4. NON-CASH ASSISTANCE

No non-cash assistance is reported in the schedule for the year ended June 30, 2023.

5. LOAN AND LOAN GUARANTEE PROGRAMS

No loan or loan guarantee programs were expended during, nor did any exist as of, the fiscal year ended June 30, 2023.

BOYS AND GIRLS CLUBS OF GREATER SALT LAKE
Schedule of Findings, Questioned Costs, and Recommendations
For the Year Ended June 30, 2023

A. Summary of Auditor's Results

1.	Type of Report Issued:	Unmodified
2.	Internal Control over Financial Reporting:	
	Material Weaknesses Identified:	None
	Significant Deficiencies Identified that were not Considered to be Material Weaknesses:	None
3.	Non-compliance Material to Financial Statements Noted:	None
4.	Internal Control over Major Programs:	
	Material Weaknesses Identified:	None
	Significant Deficiencies Identified that were not Considered to be Material Weaknesses:	None
5.	Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified
6.	Any Audit Findings Disclosed That Are Required to be Reported in Accordance with the Uniform Guidance:	None
7.	Federal Programs Tested as Major Programs:	
	CCDF Cluster	93.575
8.	Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
9.	Auditee Qualification as High or Low Risk:	Low

B. Findings Related to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards:

None.

C. Findings and Questioned Costs Related to Federal Awards Required to be Reported in Accordance with the Uniform Guidance:

None.