

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Boys and Girls Club of Tulare County, Inc.
Exeter, California

Opinion

We have audited the accompanying financial statements of Boys and Girls Club of Tulare County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Club of Tulare County, Inc. as of June 30, 2022 and 2021, 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. 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 Boys and Girls Club of Tulare County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys and Girls Club of Tulare County, Inc.'s ability to continue as a going concern within 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 generally accepted 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 generally accepted 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 Boys and Girls Club of Tulare County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys and Girls Club of Tulare County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of Boys and Girls of Tulare County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys and Girls Club of Tulare County, Inc.'s internal control over financial reporting and compliance.



Visalia, California
March 30, 2023

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 114,108	\$ 845,140
Accounts Receivable	90,900	13,011
Grants Receivable	571,647	362,745
Investments	402,077	-
Prepaid Expenses	3,000	3,000
Inventory - Food	14,198	14,344
Total Current Assets	<u>1,195,930</u>	<u>1,238,240</u>
PROPERTY AND EQUIPMENT, NET	<u>1,137,419</u>	<u>1,190,749</u>
OTHER ASSETS		
Cash Restricted for Future Club Improvements and Strathmore Operations	<u>51,108</u>	<u>67,322</u>
Total Other Assets	<u>51,108</u>	<u>67,322</u>
TOTAL ASSETS	<u><u>\$ 2,384,457</u></u>	<u><u>\$ 2,496,311</u></u>

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

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,356	\$ 24,153
Credit Cards Payable	11,180	7,275
Accrued Payroll	47,575	45,076
Compensated Absences	10,410	10,410
Payroll Taxes Payable	15,585	3,372
Customer Deposits	7,070	3,675
Deferred Revenue	150	-
Notes Payable, Current Portion	6,975	6,701
Total Current Liabilities	104,301	100,662
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	274,082	281,379
TOTAL LIABILITIES	378,383	382,041
NET ASSETS		
With Donor Restrictions:		
Purpose Restricted	51,108	67,322
Without Donor Restrictions:		
Unrestricted, Undesignated	1,954,966	2,046,948
Total Net Assets	2,006,074	2,114,270
TOTAL LIABILITIES AND NET ASSETS	\$ 2,384,457	\$ 2,496,311

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

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Unrestricted	Donor Restricted	Total	Unrestricted	Donor Restricted	Total
SUPPORT, REVENUES, AND RECLASSIFICATIONS						
Contributions	\$ 397,169	\$ 26,698	\$ 423,867	\$ 448,368	\$ 25,045	\$ 473,413
Legacies and Bequests	11,153	-	11,153	2,275	-	2,275
In-Kind Contributions	947,188	-	947,188	364,063	-	364,063
Grants	472,567	-	472,567	212,213	-	212,213
Program Income	965,197	-	965,197	856,888	-	856,888
Fundraisers	384,870	-	384,870	276,723	-	276,723
Membership Dues	11,070	-	11,070	5,410	-	5,410
Rent Income	52,580	-	52,580	2,120	-	2,120
Interest and Dividend Income	6,259	-	6,259	1,787	-	1,787
Realized Gain on Investments	1,684	-	1,684	-	-	-
Unrealized Loss on Investments	(53,348)	-	(53,348)	-	-	-
SBA Paycheck Protection Program Loan Forgiveness	-	-	-	253,000	-	253,000
Loss on Disposal of Assets	(2,692)	-	(2,692)	-	-	-
Miscellaneous Income	6,677	-	6,677	8,214	-	8,214
TOTAL SUPPORT AND REVENUE	3,200,374	26,698	3,227,072	2,431,061	25,045	2,456,106
NET ASSETS RELEASED FROM RESTRICTIONS	42,912	(42,912)	-	25,752	(25,752)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	3,243,286	(16,214)	3,227,072	2,456,813	(707)	2,456,106
EXPENSES						
Program	2,591,724	-	2,591,724	1,559,880	-	1,559,880
Support Services:						
Management and General	429,414	-	429,414	313,336	-	313,336
Fundraising	314,130	-	314,130	214,420	-	214,420
TOTAL EXPENSES	3,335,268	-	3,335,268	2,087,636	-	2,087,636
CHANGE IN NET ASSETS	(91,982)	(16,214)	(108,196)	369,177	(707)	368,470
NET ASSETS, Beginning of the Period	2,046,948	67,322	2,114,270	1,741,582	4,218	1,745,800
Reclassifications	-	-	-	(63,811)	63,811	-
NET ASSETS, End of the Period	\$ 1,954,966	\$ 51,108	\$ 2,006,074	\$ 2,046,948	\$ 67,322	\$ 2,114,270

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

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021				
	Club		Support Services		Club		Support Services		
	Activities	Management and General	Fundraising	Sub-Total	Activities	Management and General	Fundraising	Sub-Total	
Salaries and Wages	\$ 999,389	\$ 297,342	\$ 150,846	\$ 448,188	\$ 704,068	\$ 209,477	\$ 106,271	\$ 315,748	\$ 1,019,816
Automobile	3,210	775	-	775	3,125	754	-	754	3,879
Bank Service Charges	-	-	10,247	10,247	-	-	6,475	6,475	6,475
Staff Development	24,472	-	-	-	8,192	-	-	-	8,192
Copier and Maintenance Contracts	4,067	-	3,384	3,384	2,770	-	2,305	2,305	5,075
Dues, Subscriptions and Fees	1,682	761	1,682	2,443	5,087	2,300	5,087	7,387	12,474
Employee Benefits	11,689	34,074	15,626	49,700	10,120	29,500	13,528	43,028	53,148
Fundraising Expense	-	-	92,175	92,175	-	-	50,243	50,243	50,243
Insurance	13,253	51,683	2,000	53,683	10,118	39,458	1,527	40,985	51,103
Interest	8,176	-	-	-	8,337	-	-	-	8,337
Marketing	18,116	-	18,116	18,116	15,857	-	15,857	15,857	31,714
Meetings	1,004	-	-	-	1,191	-	-	-	1,191
Miscellaneous	6,377	-	-	-	2,121	-	-	-	2,121
Program Supplies	124,908	-	-	-	94,015	-	-	-	94,015
Payroll Taxes	108,430	32,261	16,366	48,627	66,212	19,700	9,994	29,694	95,906
Penalties and Fines	-	49	-	49	-	65	-	65	65
Postage and Office Supplies	-	1,882	2,144	4,026	-	1,400	1,595	2,995	2,995
Professional Fees	-	8,000	-	8,000	-	8,000	-	8,000	8,000
Program and Office Expense	15,556	1,535	1,544	3,079	15,500	1,530	1,538	3,068	18,568
Program Food Supplies	100,847	-	-	-	54,804	-	-	-	54,804
Property Taxes	-	-	-	-	-	102	-	102	102
Rent	948,765	-	-	-	358,854	-	-	-	358,854
Repairs and Maintenance	71,808	-	-	-	56,888	-	-	-	56,888
Utilities	56,040	-	-	-	59,561	-	-	-	59,561
Telephone	15,635	1,052	-	1,052	15,611	1,050	-	1,050	16,661
Travel	162	-	-	162	5,208	-	-	-	5,208
Depreciation Expense	58,138	-	-	58,138	62,241	-	-	-	62,241
TOTAL EXPENSES	\$ 2,591,724	\$ 429,414	\$ 314,130	\$ 743,544	\$ 1,559,880	\$ 313,336	\$ 214,420	\$ 527,756	\$ 2,087,636

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

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (108,196)	\$ 368,470
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows from Operating Activities:		
Depreciation	58,138	62,241
Loss on Disposal of Fixed Assets	2,692	-
Unrealized Loss on Investments	53,348	-
Realized Gain on Investments	(1,684)	-
In-kind Donation of Property, Plant and Equipment	(7,500)	-
SBA Paycheck Protection Program Loan Forgiveness	-	(253,000)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(77,889)	(12,450)
Grants Receivable	(208,902)	(272,957)
Inventory	146	1,616
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(18,797)	18,372
Credit Cards Payable	3,905	156
Accrued Payroll	2,499	2,442
Compensated Absences	-	(9,048)
Payroll Taxes Payable	12,213	(21,524)
Customer Deposits	3,395	(450)
Deferred Revenue	150	(52,638)
	(286,482)	(168,770)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of Property, Plant and Equipment	-	(15,311)
Acquisition of Investments	(500,598)	-
Proceeds from Sale of Investments	46,857	-
	(453,741)	(15,311)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on Long-Term Debt	(7,023)	(6,643)
	(7,023)	(6,643)

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

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
Net Decrease in Cash, Cash Equivalents and Restricted Cash	\$ (747,246)	\$ (190,724)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	912,462	1,103,186
CASH , CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 165,216	\$ 912,462
SUPPLEMENTARY INFORMATION		
Interest Paid	\$ 8,176	\$ 8,337
Non-Cash Financing Activity:		
Cost of Property and Equipment Acquisitions	\$ -	\$ 15,311
Less Financed Acquisitions	-	-
Net Cash Paid for Property and Equipment	\$ -	\$ 15,311

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

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies

Nature of Activities

Boys and Girls Club of Tulare County, Inc. (the Organization) was established as a nonprofit organization in 1997 in California. The Organization's purpose is to provide behavior guidance and to promote health, social, educational, vocational and character development of boys and girls, 6-18 years of age, without regard for race, color, creed, or national origin and to operate one or more club sites for program activities and services. Currently the Organization provides program services to over 1,200 children a day in the following California locations: Visalia, Tulare, Ivanhoe, Exeter, Farmersville, Porterville, and Strathmore.

The Organization is funded through donations, grants, program services, and fundraising activities. Children are encouraged to participate in the Organization's programs which are generally offered after school under the guidance of its affiliate organization "The Boys and Girls Club of America".

The Organization conducts its affairs under the management of a Board of Directors, a salaried executive director, paid personnel and numerous unpaid volunteers.

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance 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 and disclosures of contingent 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, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances in multiple financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The amount on deposit exceeded the \$250,000 insured limit per account by approximately \$0 and \$28,978 on June 30, 2022 and 2021, respectively.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (Continued)

Accounts and Grants Receivable

The Organization considers accounts and grants receivable to be fully collectible; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged against operations when that determination is made.

Inventory

Inventory is stated at the lower of cost or net realizable value using the average cost method and consists primarily of food used for the summer food service program.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated, less an allowance for depreciation computed by use of the straight-line method over the estimated useful lives of the assets. The estimated useful life ranges from 3-39 years depending upon the type of asset. Generally, all property and equipment acquisitions of \$1,000 or more are capitalized.

Depreciation expense for the years ended June 30, 2022 and 2021 was \$58,138 and \$62,241, respectively. Any property and equipment sold or disposed of are removed from the books of the Organization along with the corresponding accumulated depreciation, and any gain or loss is recognized in the year of sale or disposition.

Accumulated Vacation and Sick Leave

Accumulated unpaid employee vacation benefits are recognized as current liabilities of the Organization. According to Organization policy, unused sick leave is lost at the fiscal year end and is therefore not recognized as current liabilities of the Organization.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations.

Net assets with Donor Restrictions:

Purpose/Time Restricted - Net asset subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When 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.

Perpetual - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue in the statement of financial position. The Organization received cost-reimbursable grants of \$176,178 and \$83,525 that have not been recognized at June 30, 2022 and 2021, respectively.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are 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 classified to net assets without donor restrictions. Donations of cash are reported as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or 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.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donations of services and supplies which was valued at \$947,188 and \$364,063 during the years ended June 30, 2022 and 2021, respectively. These amounts have been reported as both in-kind contribution revenue on the statement of activities and rent and advertising expense on the statement of functional expenses. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns but which do not meet the criteria for financial statement recognition.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization has received an exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, the Organization has made no provision for income taxes in the accompanying financial statements.

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, maintenance and repairs, and utilities, which are allocated on a square footage basis of the sites; meetings, education and training, office supplies, which are allocated based on full-time equivalents; and salaries and wages and employee benefits and payroll taxes, which are allocated on the basis of time sheets supporting actual time and effort and technology which is based on the number of computers at the sites.

Advertising Cost

It is the policy of the Organization to expense advertising costs as incurred. Advertising costs for the years ended June 30, 2022 and 2021 was \$36,232 and \$31,714 respectively.

Recent Accounting Pronouncement Adopted

During the year ended June 30, 2021, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2014-09, *Not-for-Profit Entities (Topic 606) - Revenue from Contracts with Customers* and all related amendments. This update eliminates the transaction and industry-specific revenue recognition guidance and replaces it with a principle-based approach for determining revenue recognition. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There was no effect on the financial statements for the years ending June 30, 2022 or 2021.

Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 30, 2023, the date the financial statements were available to be issued.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows as of June 30, :

	2022	2021
Cash and Cash Equivalents	\$ 114,108	\$ 845,140
Restricted Cash:		
Strathmore Club	\$ 51,108	\$ 63,811
Porterville Club	-	3,511
Farmersville Garden	- 51,108	- 67,322
	\$ 165,216	\$ 912,462
Total Cash, Cash Equivalents and Restricted Cash		

3. Grants Receivable

The Organization's grants receivable consisted of the following at June 30,:

	2022	2021
Office of Justice Programs	\$ 54,378	\$ 19,223
Community Development Block Grant, Farmersville	43,649	30,791
USDA Child & Adult Care Food Program	145,442	37,496
USDA Summer Food Service Program	21,731	3,089
United States Treasury - ERC Refund	272,146	272,146
City Grant, Woodville	23,246	-
Latter Day Saints Church Grant	520	-
Department of Probations Grant	10,535	-
	\$ 571,647	\$ 362,745

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (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 as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (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's 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Investments in publicly traded stocks: The fair value of the publicly traded stock is a publicly quoted pricing input (level 1) and is used in determining the net asset value of publicly traded stock. Assigned input level 1.

Investments in non-publicly traded stocks: The fair value of the publicly traded stock is based primarily on the purchase cost of the securities (level 2). Assigned input level 2.

Other Investments: The fair value of other investments, including partnerships, residences, memberships, closely held corporations, securities of lending institutions purchased as a requirement for lending, and other assets is based primarily on the purchase cost or cost basis of the assets (level 3). Assigned input level 3.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may or may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Company believes the methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the Company's investment at fair value as of June 30, 2022 and 2021:

<u>Investments</u>	<u>Assets at Fair Value June 30, 2022</u>			
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Stocks and ETFs	\$ 309,102	\$ -	\$ -	\$ 309,102
Mutual Funds	-	68,438	-	68,438
Unit Investment Trusts	-	24,537	-	24,537
Total Investments	\$ 309,102	\$ 92,975	\$ -	\$ 402,077

<u>Investments</u>	<u>Assets at Fair Value June 30, 2021</u>			
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Stocks and ETFs	\$ -	\$ -	\$ -	\$ -
Mutual Funds	-	-	-	-
Unit Investment Trusts	-	-	-	-
Total Investments	\$ -	\$ -	\$ -	\$ -

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

5. Property and Equipment

Property and equipment consisted of the following:

	<u>Balance 6/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/22</u>
Furnishings and Equipment	\$ 271,621	\$ 7,500	\$ 165,170	\$ 113,951
Transportation Equipment	25,097	-	-	25,097
Buildings and Improvements	1,444,782	181,952	-	1,626,734
Leasehold Improvements	258,270	-	184,662	73,608
Land	<u>273,084</u>	<u>-</u>	<u>-</u>	<u>273,084</u>
 Total	 2,272,854	 <u>\$ 189,452</u>	 <u>\$ 349,832</u>	 2,112,474
 Accumulated Depreciation	 <u>1,082,105</u>	 <u>\$ 58,138</u>	 <u>\$ 165,188</u>	 <u>975,055</u>
 Net Property and Equipment	 <u>\$ 1,190,749</u>			 <u>\$ 1,137,419</u>

6. Notes Payable

Notes Payable consists of the following at June 30,:

	<u>2022</u>	<u>2021</u>
Note Payable - City of Exeter, balloon payment of \$90,000 due upon maturity including interest at 0% per annum. Loan is unsecured and matures February 6, 2028. The Organization negotiated with the City of Exeter whereas the loan is only due if they sell the building.	\$ 90,000	\$ 90,000
Note Payable - Valley Business Bank, secured by a deed of trust. Monthly payments of \$1,247.95 including interest at 4.00% beginning November 1, 2016. Loan matures October 11, 2026.	<u>191,057</u>	<u>198,080</u>
Subtotal	281,057	288,080
Less Current Portion	<u>6,975</u>	<u>6,701</u>
LONG-TERM PORTION	<u>\$ 274,082</u>	<u>\$ 281,379</u>

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

6. Notes Payable (Continued)

Scheduled principal repayments of long-term debt for the next five years are as follows:

2023		\$	6,976
2024			7,243
2025			7,564
2026			7,876
2027 and Thereafter			<u>251,398</u>
 TOTAL		 \$	 <u><u>281,057</u></u>

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

		<u>2022</u>		<u>2021</u>
Subject To Expenditures For Specific Purposes:				
Porterville Club	\$	-	\$	3,511
Strathmore Club		51,108		63,811
Farmersville Garden		<u>-</u>		<u>707</u>
	 \$	 <u><u>51,108</u></u>	 \$	 <u><u>68,029</u></u>

8. Employee Benefits Plan

All full time employees and certain part time employees may be eligible for employer contributions. Employees who are at least 21 years of age and who work a minimum of 1,000 hours within their first year of service, or any following 12-consecutive months of service, can have their contributions matched by the Organization. The Organization will make a Safe Harbor Employer Matching contribution to the 401(k) Plan on your behalf equal to 100% of your salary deferrals that do not exceed 3% of your pay plus 50% of your salary deferrals between 3% and 5% of your pay. The Safe Harbor Employer Matching Contribution is 100% vested at all times. Safe Harbor Matching Contributions will be made each payroll period. The Organization made contributions for the years ended June 30, 2022 and 2021 in the amount of \$19,680 and \$18,843, respectively.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. Operating Leases

The Organization leases office and program service space in Exeter, CA and Porterville, CA. On December 2, 2011, the Organization renegotiated the monthly lease payments to \$1,650, which is discounted to \$250 on a month-to-month basis.

The Organization has memorandums of understanding with various school districts for space it leases which it receives as an in-kind donation. For the years ended June 30, 2022 and 2021, the value of the rent was \$923,604 and \$355,493, respectively.

Total lease expense (including in-kind) for the years ended June 30, 2022 and 2021 was \$946,765 and \$358,854, respectively.

10. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the date of the statement of financial position.

	<u>2022</u>	<u>2021</u>
Cash, Cash Equivalents and Restricted Cash	\$ 165,216	\$ 912,462
Investments	402,077	-
Accounts Receivable	90,900	13,011
Grants Receivable	571,647	362,745
Less those unavailable for general expenditure within one year due to:		
Purpose Restricted Cash	<u>(51,108)</u>	<u>(67,322)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,178,732</u>	<u>\$ 1,220,896</u>

The Organization is required to maintain financial assets to meet three months of general operations.

11. Reclassifications

Certain reclassifications have been made to the prior year's financial statements in order to conform them to the classifications used for the current year. These reclassifications had no effect on reported comprehensive income.

OTHER INDEPENDENT AUDITORS' REPORT

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 Directors of
Boys and Girls Club of Tulare County, Inc.
Exeter, California

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 and Girls Club of Tulare County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2023.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

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

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.


Visalia, California
March 30, 2023