

**BOYS AND GIRLS CLUBS
OF LOWER BERGEN COUNTY, INC.**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys and Girls Clubs of Lower Bergen County, Inc.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Boys and Girls Clubs of Lower Bergen County, Inc. (the "Club") a nonprofit organization, which comprise the statement of financial position as of as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. Our responsibility is to express an opinion on the financial statements based on our audit.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys and Girls Clubs of Lower Bergen County, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the Boys and Girls Clubs of Lower Bergen County, Inc. for the year ended December 31, 2020 were audited by other auditors whose report was dated September 25, 2021 expressed an unmodified opinion on those statements.

Basis for Opinion

We conducted our audit 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 Boys and Girls Clubs of Lower Bergen County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Boys and Girls Clubs of Lower Bergen County, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

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 opinions. 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, including omissions, 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 Boys and Girls Clubs of Lower Bergen 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 the Boys and Girls Clubs of Lower Bergen 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 Information

Emphasis of Matter

Prior Period Adjustments and Restated Financial Statements

As discussed in Note 11 to the financial statements, to correct a material prior period error, the 2020 financial statements have been restated with a prior year adjustment to capital assets, liabilities and net assets.

In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the Boys and Girls Clubs of Lower Bergen County, Inc. other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance of the 2020 financial statements as a whole.

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2023, on our consideration of the Boys and Girls Clubs of Lower Bergen 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 the Boys and Girls Clubs of Lower Bergen County, Inc.'s internal control over financial reporting and compliance.

Wielkottz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

April 6, 2023



BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	<u>2021</u>	<u>Restated 2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 527,653	\$ 259,374
Accounts Receivable	8,513	805
Grants Receivable	57,921	31,288
Other Assets	37,730	36,219
	<u>631,817</u>	<u>327,686</u>
Capital Assets:		
Property and Equipment (Net Accumulated of Depreciation)	<u>2,270,362</u>	<u>2,139,867</u>
Total Assets	<u>\$ 2,902,179</u>	<u>\$ 2,467,553</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 123,204	\$ 84,749
Mortgage, Credit Line, Notes, Loans Payable	22,796	19,106
Other Liabilities	59,935	49,540
	<u>205,935</u>	<u>153,395</u>
Long-Term Liabilities:		
Mortgage, Credit Line, Notes, Loans Payable	<u>1,987,769</u>	<u>2,040,931</u>
Total Liabilities	<u>\$ 2,193,704</u>	<u>\$ 2,194,326</u>
Net Assets:		
With Donor Restrictions		
Scholarship Reserve	10,500	9,500
Without Donor Restrictions		
Designated for Building Projects	231,582	-
Undesignated	466,393	263,727
	<u>708,475</u>	<u>273,227</u>
Total Net Assets	<u>\$ 708,475</u>	<u>\$ 273,227</u>
Total Liabilities and Net Assets	<u>\$ 2,902,179</u>	<u>\$ 2,467,553</u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED

	December 31, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Public Support			
Individual Contributions	\$ 36,498	5,000	41,498
Corporate Contributions	11,491		11,491
Foundation Contributions	104,574		104,574
Government Grants		1,263,852	1,263,852
In-Kind Donations	48,057		48,057
Total Public Support	<u>200,620</u>	<u>1,268,852</u>	<u>1,469,472</u>
Revenues			
Member Dues	6,432		6,432
Programs	726,040		726,040
Fundraising	837,146		837,146
Facility Rental	423,476		423,476
Investment Income	89		89
Insurance Proceeds	216,148		216,148
Miscellaneous	18,513		18,513
Total Revenues	<u>2,227,844</u>	<u>-</u>	<u>2,227,844</u>
Net Assets Released from Restrictions	<u>1,263,852</u>	<u>(1,263,852)</u>	<u>-</u>
Total Public Support and Revenues	<u>3,692,316</u>	<u>5,000</u>	<u>3,697,316</u>
Functional Expenses:			
Program Services:			
21st Century Program	432,871		432,871
Hackensack Program	157,276		157,276
Hackensack Middle School	45,442		45,442
Lodi Program	1,041,545		1,041,545
Total Program Services	<u>1,677,134</u>	<u>-</u>	<u>1,677,134</u>
Supporting Services:			
Management and General	845,396	4,000	849,396
Fundraising	735,538		735,538
Total Supporting Services	<u>1,580,934</u>	<u>4,000</u>	<u>1,584,934</u>
Total Functional Expenses	<u>3,258,068</u>	<u>4,000</u>	<u>3,262,068</u>
Changes in Net Assets	<u>434,248</u>	<u>1,000</u>	<u>435,248</u>
Net Assets, January 1,	<u>\$ 263,727</u>	<u>9,500</u>	<u>273,227</u>
Net Assets, December 31,	<u><u>\$ 697,975</u></u>	<u><u>10,500</u></u>	<u><u>708,475</u></u>

See accompanying notes to financial statements.

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED**

	December 31, 2020, As Restated		
	Without Donor Restriction	With Donor Restriction	Total
Public Support			
Individual Contributions	\$ 46,039		46,039
Corporate Contributions	8,727		8,727
Foundation Contributions	98,081		98,081
Government Grants	376,369	493,821	870,190
In-Kind Donations	19,770		19,770
Total Public Support	548,986	493,821	1,042,807
Revenues			
Member Dues	3,000		3,000
Programs	589,892		589,892
Fundraising	431,578		431,578
Facility Rental	74,626		74,626
Investment Income	93		93
Miscellaneous	33,867		33,867
Total Revenues	1,133,056	-	1,133,056
Net Assets Released from Restrictions	493,821	(493,821)	-
Total Public Support and Revenues	2,175,863	-	2,175,863
Functional Expenses:			
Program Services:			
21st Century Program	505,628		505,628
Hackensack Program	113,798		113,798
Lodi Program	845,933		845,933
Total Program Services	1,465,359	-	1,465,359
Supporting Services:			
Management and General	673,748		673,748
Fundraising	409,297		409,297
Total Supporting Services	1,083,045	-	1,083,045
Total Functional Expenses	2,548,404	-	2,548,404
Changes in Net Assets	(372,541)	-	(372,541)
Net Assets, January 1,	\$ 1,474,129		1,474,129
Prior-Period Adjustment:			
Capital Asset Adjustment	(855,947)		(855,947)
Grants Receivable	31,288		31,288
Scholarship Reserve	(9,500)	9,500	-
Debt Payments and Amortization	(3,702)		(3,702)
Net Assets, January 1, As Adjusted	636,268	9,500	645,768
Net Assets, December 31,	\$ 263,727	9,500	273,227

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 435,248	\$ (372,541)
Adjustments to Reconcile Cash in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization Expense	262,479	200,000
(Increase) Decrease in:		
Accounts Receivable	(7,708)	13,504
Grants Receivable	(26,633)	
Other Assets	(1,511)	1,508
Increase (Decrease) Liabilities:		
Accounts Payable and Accrued Expenses	38,455	19,961
Other Liabilities	10,395	(2,316)
Net Cash Provided (Used) by Operating Activities	<u>710,725</u>	<u>(139,884)</u>
Cash Flows From Investing Activities:		
Purchase of Property, Plant, and Equipment	<u>(392,974)</u>	<u>(34,110)</u>
Net Cash Provided (Used) by Investing Activities	<u>(392,974)</u>	<u>(34,110)</u>
Cash Flows From Financing Activities:		
Repayment of Debt	<u>(49,472)</u>	<u>166,769</u>
Net Cash Provided (Used) by Financing Activities	<u>(49,472)</u>	<u>166,769</u>
Net Increase (Decrease) in Cash and Cash Equivalents	268,279	(7,225)
Cash and Cash Equivalents, Beginning of Year	\$ <u>259,374</u>	\$ <u>266,599</u>
Cash and Cash Equivalents, End of Year	<u><u>527,653</u></u>	<u><u>259,374</u></u>
Supplemental Disclosures of Cash Flows Information:		
In-Kind Contributions	\$ 48,057	\$ 19,770
Interest Paid	33,420	40,845
Income Taxes Paid	422	250

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Boys and Girls Clubs of Lower Bergen County, Inc. (the “Club”) is presented to assist in understanding the Club’s financial statements. The financial statements and notes are representations of the Club’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (generally accepted accounting principles) and have been consistently applied in the preparation of the financial statements.

Nature of Activities

The Club is a non-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Club is a youth service organization dedicated to enable all young people to reach their full potential as productive, caring, responsible citizens through 3 core areas: academic success; good character and citizenship; healthy lifestyles.

Through the programs that are offered, the Club tries to provide the members with a sense of belonging, a sense of usefulness, a sense of influence and a sense of competence.

Basis of Presentation

The Club’s policy is to prepare its financial statements using the accrual basis of accounting.

The Club has adopted the provisions of Financial Accounting Standards Board’s ASC 958:205, “Presentation of Financial Statements of Not-for profit Organizations,” which established standards for external financial reporting of not-for-profit organizations. These provisions require that a complete set of financial statements for a not-for-profit organization should include a *statement of financial position* as of the end of the reporting period, a *statement of activities* and a *statement of cash flows* for the reporting period, and accompanying notes to the financial statements, as described below.

Statement of Financial Position

The primary purpose of the statement of financial position is to provide relevant information about the Club’s assets, liabilities, and net assets, and about their relationships to each other at a moment in time. The information provided in the statement of financial position, used with related disclosures and information in other financial statements, helps donors, members, creditors and others assess (a) the Club’s ability to continue to provide services and (b) the Club’s liquidity, financial flexibility, ability to meet obligations, and needs for external financing.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Presentation, (continued)

Statement of Financial Position, (continued)

The Club adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which improved the current net asset classification requirements and the information presented in financial statements and notes about financial statements. Under these guidelines, net assets are now classified into the following two categories:

With Donor Restrictions – Net assets with donor restrictions are the part of net assets that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Net assets with donor restrictions are comprised of scholarship funds. The Club had \$10,500 and \$9,500 in donor restricted net assets at December 31, 2021 and 2020, respectively.

Without Donor Restrictions – Net assets without donor restrictions are the part of net assets that are not subject to restrictions (donors include other types of contributors, including makers of certain grants).

Under FASB's ASU 2016-14, a Not-for-Profit entity can also choose to further disaggregate the two net asset classes. The Club has elected to separate net assets without donor restrictions into the following two categories:

Board Designated Net Assets – Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board-designated assets may be earmarked for future programs. Investment, contingencies, purchase of construction fixed assets or other uses. The Club had \$231,582 and \$-0- in board designated net assets at December 31, 2021 and 2020, respectively. The Club had the following board designated net assets at December 31, 2021:

Building Projects	<u>\$231,582</u>
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BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Presentation, (continued)

Statement of Financial Position, (continued)

Undesignated Net Assets – Net assets without donor or self-imposed limits by actions of the governing board. The Club had \$466,393 and \$263,727 in undesignated net assets at December 31, 2021 and 2020, respectively.

Statement of Activities

The primary purpose of a statement of activities is to provide relevant information about (a) the effects of transactions and other events and circumstances that change the amount and nature of net assets, (b) the relationships of those transactions and other events and circumstances to each other, and (c) how the Club's resources are used in providing various programs and services. The information in statement of activities, used with related disclosures and information in the other financial statements, helps donors, creditors, and other to (1) evaluate the Club's service efforts and ability to continue to provide services, and (2) how an Club's managers have discharged their stewardship responsibilities and other aspects of their performance.

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide relevant information about the cash receipts and cash payments of an organization during a period.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a 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.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Presentation, (continued)

Revenue Recognition

Revenues are recognized in the year that they are earned by the Club. Funds received that have not been earned as of the balance sheet dates are reflected as deferred revenue.

On July 1, 2020, the Organization adopted ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), and accounting pronouncement issued by the FASB, as well as subsequently issued clarifying ASUs, which clarifies guidance on revenue recognition. This guidance includes the required steps to achieve the core principle that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Organization adopted this pronouncement on a modified retrospective basis for all ongoing customer contracts. The results of operations for the reported period amounts are not adjusted and continue to be reported in accordance with historical accounting guidance. The adoption of this pronouncement had no impact on net assets and results of operations but resulted in required additional disclosures. ASC 606 does not apply to all revenue recognized by the Organization.

Functional Allocation of Expenses

Expenses incurred to directly carry out program activities are allocated to the applicable programs on a specific identification basis. Certain other indirect expenses are allocated to the programs based upon estimates prepared by management.

Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, and employee benefits are allocated on the basis of time and effort.

Income Taxes

The Club qualified as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501 (a) of the Code. The Club is also exempt under Title 15 of the State of New Jersey, Corporations and Association Not-For-Profit Act. Accordingly, no provision for federal and state income taxes has been presented in the accompanying financial statements.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Income Taxes, (continued)

The Club's accounting policies require compliance with FASB interpretation No 48 "Accounting for Uncertainty in Income Taxes". During the year, the Club regularly monitors transactions for potential exposure of an unrelated business income tax liability. As of December 31, 2021, the Club identified no transactions that would qualify as unrelated business income under FASB Interpretation No. 48.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The Club made estimates for the useful life of depreciable assets during the fiscal year. Accordingly, actual results could differ from those estimates.

In-Kind Donations

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entities policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques.

The Club receives donated goods and services from a variety of unpaid volunteers and organizations assisting the Club in providing various youth development programs. The value of the services provided are estimated at the cost the Club would have incurred if the services were not provided. Goods donated are valued at their approximate fair market value. This amount is recorded as a contribution and expense in the Statement of Activities. The following have been recognized as in-kind contributions are related expenses:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Donated Services	\$12,000	\$15,405
Donated Goods	<u>36,057</u>	<u>4,365</u>
	<u>\$48,057</u>	<u>\$19,770</u>

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Compensated Absences

The Club's policy is to track compensated absences for management purposes only. Sick leave not used in any calendar year shall accumulate year to year to be used if and when needed for such purpose. An employee can accrue a maximum of 20 days at a time. The employee shall not be reimbursed for accrued sick leave at the time of employment termination, unless stated otherwise in an employment contract.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists primarily of program fees and facility rentals related to the fiscal year that have not been collected as of the statement of financial position date. The Club had \$8,513 and \$805 in accounts receivable at December 31, 2021 and 2020, respectively.

The Club reviews all outstanding accounts with customers and members and determines collectability based on past experience. Management has determined that an allowance for doubtful accounts is not needed at this time.

Employee Retention Tax Credit Receivable (ERTC):

The ERTC is an IRS tax credit designed to refund certain payroll costs of qualifying Organizations. In 2021, the Club applied for \$360,847 of refunded payroll costs in 2021 and 2020. In 2022, the application was approved for refunding.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments including certificates of deposits. The carrying value of cash and cash equivalents approximates fair market value because of the short-term maturity of those financial instruments.

Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of a bank failure, the Club's deposits may not be returned. To minimize the risk, the Club has deposited cash into bank accounts insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. At December 31, 2021 and 2020, \$290,686 and \$0-, respectively, of the Club's bank balance was exposed to custodial risk.

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Property and Equipment

Property and equipment are stated at cost. The Club's policy is to capitalize and depreciate property and equipment expenditures if they are considered to be significant in nature and amount. Currently this threshold is set at \$1,000 per single item. Depreciation charges with respect to property and equipment have been made by the Club utilizing the straight-line method (½ year convention) over the estimated useful lives of the assets. Estimated useful lives are generally five to seven years for furniture and equipment, five to ten for transportation equipment and ten to thirty-nine for buildings and improvements.

NOTE 2 – CASH AND CASH EQUIVALENTS

The following comprises cash and cash equivalents at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Unrestricted	\$292,021	\$245,504
Board Designated	231,582	0
Petty Cash	1,550	1,350
Cash on Hand	<u>2,500</u>	<u>12,520</u>
	<u><u>\$527,653</u></u>	<u><u>\$259,374</u></u>

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BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3 – CAPITAL ASSETS

A summary of capital assets at December 31, 2021 and 2020 is as follows:

	December 31, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2021</u>
Land	75,532			75,532
Building - Lodi	2,721,618	288,032		3,009,650
Furniture & Fixtures - Lodi	280,223	66,232		346,455
Furniture & Fixtures - Administration	12,062	388		12,450
Furniture & Fixtures - 21st Century	3,784	13,923		17,707
Furniture & Fixtures - Hackensack	4,801			4,801
Transportation - Hackensack	96,851			96,851
Pool	53,366	22,637		76,003
Flood Loss - Replacement	566,866			566,866
Hurricane Irene Damages	<u>1,278,864</u>			<u>1,278,864</u>
	<u>5,093,967</u>	<u>391,212</u>	<u>-</u>	<u>5,485,179</u>
<i>Accumulated Depreciation:</i>				
Building - Lodi	(1,684,316)	(128,549)		(1,812,865)
Furniture & Fixtures - Lodi	(186,485)	(49,328)		(235,813)
Furniture & Fixtures - Administration	(4,405)	(2,490)		(6,895)
Furniture & Fixtures - 21st Century	(1,513)	(3,541)		(5,054)
Furniture & Fixtures - Hackensack	(1,920)	(961)		(2,881)
Transportation - Hackensack	(64,913)	(13,836)		(78,749)
Pool	(11,626)	(10,857)		(22,483)
Flood Loss - Replacement	(566,864)			(566,864)
Hurricane Irene Damages	<u>(432,058)</u>	<u>(51,155)</u>		<u>(483,213)</u>
	<u>(2,954,100)</u>	<u>(260,717)</u>	<u>-</u>	<u>(3,214,817)</u>
	<u>2,139,867</u>	<u>130,495</u>	<u>-</u>	<u>2,270,362</u>

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3 – CAPITAL ASSETS, (continued)

	December 31, <u>2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	December 31, <u>2020</u>
Land	75,532				75,532
Building - Lodi	3,340,366			(618,748)	2,721,618
Building - Hackensack	74,516			(74,516)	-
Building - Teaneck	13,510			(13,510)	-
Furniture & Fixtures - Lodi	854,873	34,110		(608,760)	280,223
Furniture & Fixtures - Administration	9,963			2,099	12,062
Furniture & Fixtures - 21st Century	3,784				3,784
Furniture & Fixtures - Hackensack	16,943			(12,142)	4,801
Time Share	13,072			(13,072)	-
Transportation - Hackensack	191,797			(94,946)	96,851
Pool	34,513			18,853	53,366
Flood Loss - Replacement	550,421			16,445	566,866
Hurricane Irene Damages	<u>1,309,010</u>			<u>(30,146)</u>	<u>1,278,864</u>
	<u>6,488,300</u>	<u>34,110</u>	<u>-</u>	<u>(1,428,443)</u>	<u>5,093,967</u>
<i>Accumulated Depreciation:</i>					
Building - Lodi	(1,955,233)	(138,558)		409,475	(1,684,316)
Building - Hackensack	(51,057)	(7,500)		58,557	-
Building - Teaneck	(13,710)	-		13,710	-
Furniture & Fixtures - Lodi	(648,082)	(25,000)		486,597	(186,485)
Furniture & Fixtures - Administration				(4,405)	(4,405)
Furniture & Fixtures - 21st Century				(1,513)	(1,513)
Furniture & Fixtures - Hackensack				(1,920)	(1,920)
Transportation - Hackensack	(122,605)	(15,000)		72,692	(64,913)
Pool				(11,626)	(11,626)
Flood Loss - Replacement	(243,305)	(3,944)		(319,615)	(566,864)
Hurricane Irene Damages	<u>(292,602)</u>	<u>(10,000)</u>		<u>(129,456)</u>	<u>(432,058)</u>
	<u>(3,326,594)</u>	<u>(200,002)</u>	<u>-</u>	<u>572,496</u>	<u>(2,954,100)</u>
	<u>3,161,706</u>	<u>(165,892)</u>	<u>-</u>	<u>(855,947)</u>	<u>2,139,867</u>

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4 – LONG-TERM DEBT

Mortgage Payable

On August 18, 2004, the Club incurred debt of \$750,000 with Bank of America through Bank of America's purchase of tax exempt bonds issued by the New Jersey Economic Development Authority specifically for the Club. Mortgage proceeds were used to re-finance existing debt; fund the acquisition of new equipment and capital improvements to the Club facility located at 460 Passaic Avenue Lodi, NJ.

The mortgage interest rate was 4.69% fixed for 10 years. Monthly payments were based on a 20 year payout. The interest rate was to be re-negotiated on or about August 19, 2014. The loan was secured by all Club real and personal property, receivables and intangibles.

On July 1, 2013, the Club entered into a new loan agreement with Pascack Community Bank (now Lakeland Bank) to refinance all existing term loans and mortgage debt outstanding at that time with Bank of America with a small amount remaining to be used to finance operations. The amount of the new loan is \$735,000 and has a fifteen (15) year term with the monthly payments being calculated based on a twenty five (25) year amortization. The maturity date is 8/1/2028. The rate of interest is 4.5% for the initial five (5) years, with the initial term's principle and interest payments being \$4,113. On the 5th anniversary, the rate will reset for the next five (5) years at a fixed rate of 4.8% and the monthly payments will adjust accordingly. On the 10th anniversary, the rate will adjust to the FHLBNY 5 year index plus (+) 225 basis points with the resulting rate rounded to the nearest 1/8 of 1 percentage point (.125%). The resulting rate will be subject to a floor of 4.5%. Security shall be the land, building and all improvements of the club located at 460 Passaic Avenue, Lodi NJ. Flood insurance must be maintained throughout the entire term of the loan and the Club shall maintain an account relationship with the bank prior to closing or be subject to a 1% increase in its interest rate. Total interest paid during years ended December 31, 2021 and 2020 was \$31,664 and \$27,921, respectively.

Mortgage Payable balances as of December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Due in One Year	\$22,796	\$19,106
Due Beyond One Year	<u>572,855</u>	<u>595,651</u>
Balance December 31,	<u>\$595,651</u>	<u>\$614,757</u>

Loans Payable

On May 4, 2020 the Club received an Economic Injury Disaster Loan from the U.S. Small Business Administration (SBA) to continue operations during the COVID-19 Pandemic. The principal balance of the loan is \$200,000 with a 30 year term and an interest rate at 2.75%.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 – LONG-TERM DEBT, (continued)

Loan Payable, (continued)

The loan is on an automatic deferment by the federal government due to the continuing Covid impacted economy. Repayment of interest is set to start in May 2022. As of the date of this report it is unclear when principal payments will begin. As of December 31, 2021 and 2020, loan payable balances were as follows:

	<u>2021</u>	<u>2020</u>
Due in One Year	\$0	\$0
Due Beyond One Year	<u>200,000</u>	<u>200,000</u>
Balance December 31,	<u><u>\$200,000</u></u>	<u><u>\$200,000</u></u>

On October 12, 2007, the Club secured a loan from the Small Business Administration (SBA) to finance a portion of the shortfall from insurance proceeds received resulting from damage sustained from a “nor’easter storm” on April 15, 2007. The loan was approved for \$244,800 bearing an interest rate of 4% and maturing on July 11, 2037. All proceeds were used to complete the flood damage repairs and to install protective equipment to help reduce future flood problems and damages.

On September 10, 2008, the SBA approved a modification to the loan increasing it by an additional \$352,500 increasing the total amount available to \$597,300. This modification was granted to finance additional engineering and construction costs, both estimated and partially incurred, to repair severe structural damage to the building’s steel supports as well as asbestos removal in a certain part of the building both caused by cumulative flood water damage over the years. The estimated cost of these projects is \$325,000. The interest rate and maturity date remained unchanged at 4% and July 11, 2037, respectively. Total interest paid and/or accrued during the years ended December 31, 2021 and 2020 were \$0 and \$4,278, respectively.

In March 2020, the Club received notice that the loan is on an automatic deferment by the SBA due to the COVID-19 pandemic. Interest payments are scheduled to resume in March 2022. As of the date of this report, it is unclear when principal payments will begin.

	<u>2021</u>	<u>2020</u>
Due in One Year	\$0	\$0
Due Beyond One Year	<u>466,253</u>	<u>466,253</u>
Balance December 31,	<u><u>\$466,253</u></u>	<u><u>\$466,253</u></u>

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 – LONG-TERM DEBT, (continued)

Loans Payable, (continued)

On October 6, 2011, the Club received a Disaster Loan from the U.S. Small Business Administration (SBA) to rehabilitate or repair property damaged or destroyed by the disaster that occurred in August 2011. The principal balance of this loan \$833,000 with a 30 year term and an interest rate of 3.00%.

In March 2020, the Club received notice that the loan is on an automatic deferment by the SBA due to the COVID-19 pandemic. Repayment of interest is set to start in March 2022. As of the date of this report, it is unclear when principal payments will begin. As of December 31, 2021 and 2020, loan payable balances were as follows:

	<u>2021</u>	<u>2020</u>
Due in One Year	\$0	\$0
Due Beyond One Year	<u>726,995</u>	<u>726,995</u>
Balance December 31,	<u><u>\$726,995</u></u>	<u><u>\$726,995</u></u>

Notes Payable

On May 17, 2016, the Club purchased a new Ford truck for \$41,165, financing \$38,165 through a loan agreement with Ford Credit for 72 months requiring monthly principal and interest payments totaling \$646 at an interest rate of 6.64%. The Club made a cash down payment of \$1,500 and received a trade in allowance of an additional \$1,500. Total interest paid and/or accrued during the years ended December 31, 2021 and 2020 were \$858 and \$986, respectively. As of December 31, 2021 the balance remaining on this agreement was \$8,029.

On June 13, 2016, the Club purchased a used Ford van for \$29,723, financing \$25,823 through a loan agreement with Ford Credit for 60 months requiring monthly principal and interest payments totaling \$510 at an interest rate of 6.79%. The Club made a cash down payment of \$3,900. Total interest paid and/or accrued during the years ended December 31, 2021 and 2020 were \$305 and \$431, respectively. This loan was paid in full in 2021.

On October 2016, the Club entered into an agreement with PSE&G for installation of various energy efficient equipment and HVAC replacement at the Club under a direct install program offered to non-profit facilities. The total value of energy conservation equipment to be installed is \$167,514. The terms of the program dictated that the Club is responsible for 30% of the total project cost amounting to \$50,254. The Club chose the option to repay this amount in 36 equal monthly payments of \$1,396, which was added to its regular monthly utility bill from PSE&G once installation was complete. The Club's required contribution is reflected in other liabilities in the financial statements. Installation was completed in March 2017 and repayments to

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 – LONG-TERM DEBT, (continued)

Notes Payable, (continued)

PSE&G began at that time. During 2017, a billing error by PSE&G accidentally removed the re-payments from the Club's bill resulting in 5 months of non-payment. The situation has been rectified and monthly payments will resume in June 2018. As of December 31, 2020 the balance remaining on this agreement was \$6,078. On January 11, 2021, the Club paid the remaining balance.

NOTE 5 – LINE OF CREDIT

The Club maintains a \$50,000 line of credit with Dell Financial Services, with an annual interest rate of 19.24%. As of December 31, 2021, the Club has a balance of \$-0-, and has paid interest of \$-0-. The Club anticipates maintaining the line of credit for future use, as needed.

NOTE 6 – RENTAL INCOME

The Club's facilities are rented to outside organizations on a month-to-month or an event-by-event basis. Pool facilities are rented to local swim clubs and schools. Total facility gross rental income for the year ending December 31, 2021 and 2020 amounted to \$423,476 and \$74,626, respectively.

NOTE 7 – PENSION PLAN

The Club adopted a defined contribution plan in accordance with Section 403(b) of the Internal Revenue Code. The plan's annual employer contributions were equal to five percent of the participants' salary. The annual plan contributions made by the Club for the years ended December 31, 2021 and 2020 amounted to \$22,852 and \$28,611, respectively. Participants must be 21 years of age or older and have two years of continuous salaried full-time employment.

NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN (PPP LOAN)

In 2021, the Club received loan proceeds in the amount of \$268,744 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying businesses. The loans and accrued interest are forgivable after an 8-to-24 week period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On October 21, 2021, the PPP loan was granted forgiveness by the Small Business Administration (SBA) and has been recognized as a revenue in FY 2021 by the Club.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 – OTHER MATTERS

COVID-19 Pandemic

The COVID-19 outbreak in the United States has caused business disruption through mandates and voluntary restrictions of multiple businesses. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration of restrictions. Therefore, the Club expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Other Litigation

The Club is involved in litigation surrounding an old allegation of child abuse. As of December 31, 2021, it is not possible to determine if there is a loss potential or what that amount might be. The Club has retained legal counsel and is vigorously defending this case.

NOTE 10 – SUBSEQUENT EVENTS

In December 2021, the Club received insurance proceeds of \$206,148 from the Federal Emergency Management Agency (FEMA) as the result of damage caused by Hurricane Ida. As of December 31, 2021, the Club did not spend any of these funds.

The Club has evaluated subsequent events through April 6, 2023, the date which the financial statements were available to be issued and no other items were noted for disclosure.

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

The Club restated its financial statements for the year ending December 31, 2020 to correct accumulated depreciation balances netted against capital assets, long-term debt balances and restrict certain assets per donor agreements.

Grants Receivable

The Club had previously reported grant reimbursements under the cash basis of accounting. Management has restated the December 31, 2020 financial statements by \$31,288 to be conformity with Generally Accepted Accounting Principles (GAAP).

Capital Assets

Upon management's review of property and equipment, several items were noted to have been previously disposed of or replaced. As a result, management has updated property and equipment and accumulated depreciation as of December 31, 2020 by (\$855,947), as detailed in Note 3 of the notes to financial statements.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 – PRIOR PERIOD ADJUSTMENT, (continued)

Net Assets

Management has restated the net assets to be in accordance with FASB's ASU 2016-14, which improves net asset classifications requirements. Classifications within undesignated net position without donor restrictions have been reallocated to be in accordance with ASU 2016-14. Net assets with donor restrictions have been restated to be in accordance with ASU 2016-14.

Mortgage, Credit Line, Notes, Loans Payable

Management has determined that a restatement is necessary for liabilities to adjust mortgage, credit line, notes and loan payable balances to agree to the outstanding balances as of December 31, 2020.

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
STATEMENTS OF SUMMARIZED FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL EXPENSES 12/31/2021	TOTAL EXPENSES 12/31/2020
Salaries	856,709	413,982	95,296	1,365,987	1,254,505
Payroll Taxes	68,800	32,527	8,222	109,549	102,356
Payroll Benefits	32,632	33,768	4,598	70,998	33,962
Total Compensation	958,141	480,277	108,116	1,546,534	1,390,823
Outside Consulting	5,200			5,200	19,250
Fees & Permits	-	1,878	-	1,878	25
Dues & Licenses	2,051	17,024	3,510	22,585	8,290
Supplies & Materials	154,958	50,663	11,711	217,332	234,295
Communications	3,104	8,455	-	11,559	10,436
Computer & Peripheral	4,328	16,890	-	21,218	20,601
Outside Security Services	9,555	-	-	9,555	3,675
Real Property Lease	-	19,200	-	19,200	18,000
Meals	-	-	-	-	85
Advertising	-	740	-	740	454
Promotion	-	2,904	3,083	5,987	2,508
Board Expenses	-	2,835	-	2,835	2,711
Training, Conference & Seminars	2,245	5,360	-	7,605	2,377
Repairs & Maintenance	18,106	45	3,148	21,299	26,442
Credit Card Fees	-	8,274	5,293	13,567	18,075
Electronic Rentals	-	-	34,677	34,677	-
Equipment	1,264	8,991	-	10,255	15,471
Good & Welfare	-	2,663	-	2,663	731
Insurance	-	124,931	-	124,931	98,179
Interest	-	33,420	-	33,420	40,845
Miscellaneous	495	5,633	1,657	7,785	-
Legal Fees	-	12,000	-	12,000	9,000
Accounting & Auditing	-	16,225	-	16,225	-
Payroll Processing	-	16,334	-	16,334	15,162
Pension Maintenance	-	1,875	-	1,875	1,005
Postage	-	1,576	-	1,576	1,579
Direct Activity Expenses	99,099	-	-	99,099	98,059
Prizes & Awards	-	-	455,702	455,702	169,555
Contracted Services	115,832	11,203	20,441	147,476	60,434
Golf Outing	-	-	34,772	34,772	-
Utilities	70,407	-	12,425	82,832	76,926
Vehicles	9,242	-	1,631	10,873	3,411
Total Expenses Before Depreciation and Amortization	1,454,027	849,396	696,166	2,999,589	2,348,404
Disposals, Depreciation and Amortization	223,107	-	39,372	262,479	200,000
Total Expenses	1,677,134	849,396	735,538	3,262,068	2,548,404

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BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020

	PROGRAM SERVICES				SUPPORTING SERVICES		
	21st CENTURY PROGRAM	HACKENSACK PROGRAM	LODI PROGRAM	TOTAL PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES
Salaries	316,732	95,488	345,228	757,448	403,150	93,907	497,057
Payroll Taxes	28,627	8,706	28,551	65,884	27,788	8,684	36,472
Payroll Benefits			12,827	12,827	18,367	2,768	21,135
Total Compensation	345,359	104,194	386,606	836,159	449,305	105,359	554,664
Outside Consulting	19,250			19,250			-
Fees & Permits		25		25			-
Dues & Licenses						8,290	8,290
Supplies & Materials	133,990	4,902	48,918	187,810		46,485	234,295
Communications		2,513		2,513	7,923		7,923
Computer & Peripheral	1,661	1,905		3,566	17,035		17,035
Outside Security Services	3,675			3,675			-
Real Property Lease				-	18,000		18,000
Meals	85			85			85
Advertising		259		259	195		195
Promotion				-		2,508	2,508
Board Expenses				-	2,711		2,711
Training, Conference & Seminars	1,608		769	2,377			-
Repairs & Maintenance			22,476	22,476		3,966	3,966
Contracted Services			51,369	51,369		9,065	9,065
Credit Card Fees				-	12,078	5,997	18,075
Equipment				-		15,471	15,471
Good & Welfare				-	731		731
Insurance				-	98,179		98,179
Interest				-	40,845		40,845
Legal Fees				-	9,000		9,000
Payroll Processing				-	15,162		15,162
Pension Maintenance				-	1,005		1,005
Postage				-	1,579		1,579
Direct Activity Expenses			97,509	97,509		550	550
Prizes & Awards				-		169,555	169,555
Utilities			65,387	65,387		11,539	76,926
Vehicles			2,899	2,899		512	3,411
Total Expenses Before Depreciation and Amortization	505,628	113,798	675,933	1,295,359	673,748	379,297	1,053,045
Disposals, Depreciation and Amortization			170,000	170,000		30,000	200,000
Total Expenses	505,628	113,798	845,933	1,465,359	673,748	409,297	2,548,404



WIELKOTZ & COMPANY LLC

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

To the Board of Trustees
Boys and Girls Clubs of Lower Bergen County, Inc.

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 the Boys and Girls Clubs of Lower Bergen County, Inc. (the "Club"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 6, 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 opinion 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 Boys and Girls Clubs of Lower Bergen County, Inc.'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 the 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-01 that we consider to be material weaknesses.

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 disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Boys and Girls Clubs of Lower Bergen County Inc's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Club's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Club's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Wielkatz & Company, LLC

WIELKOTZ & COMPANY, LLC

Certified Public Accountants

Pompton Lakes, New Jersey

April 6, 2023





WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Boys and Girls Clubs of Lower Bergen County, Inc.
50 Brookside Avenue, 1st Floor
Lodi, New Jersey 07644

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Boys and Girls Clubs of Lower Bergen County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Boys and Girls Clubs of Lower Bergen County, Inc.'s major federal programs for the year ended December 31, 2021. Boys and Girls Clubs of Lower Bergen County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Boys and Girls Clubs of Lower Bergen County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Boys and Girls Clubs of Lower Bergen County, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Boys and Girls Clubs of Lower Bergen County, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Boys and Girls Clubs of Lower Bergen County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Boys and Girls Clubs of Lower Bergen County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance



in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Boys and Girls Clubs of Lower Bergen County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Wielkatz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

April 6, 2023



BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	Assistance Listing Number	State Agency Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
					From	To		
<u>U.S. Department of Education</u>								
<i>Passed Through New Jersey Department of Education</i>								
21st Century Community Learning Centers	84.287	S287C210030	500,000	50,923	9/1/21	8/31/22	108,844	108,844
21st Century Community Learning Centers	84.287	S287C210030	500,000	391,621	9/1/20	8/31/21	360,333	482,027
<u>Total U.S. Department of Education</u>				442,544			469,177	590,871
<u>U.S. Department of Justice</u>								
<i>Passed Through Boys and Girls Club of America</i>								
Juvenile Mentoring Program	16.726	n/a	25,650	25,650	1/1/21	12/31/21	25,650	25,650
<u>Total U.S. Department of Justice</u>				25,650			25,650	25,650
<u>U.S. Department of the Treasury</u>								
<i>Passed Through County of Bergen</i>								
Coronavirus Aid, Relief and Economic Security Act (CARES)	21.019	SLT0007	283,259	229,915	12/1/20	6/30/22	257,617	257,617
<u>Total U.S. Department of the Treasury</u>				229,915			257,617	257,617
Total Federal Financial Awards				698,109			752,444	874,138

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.

SCHEDULE OF EXPENDITURES OF STATE ASSISTANCE

YEAR ENDED DECEMBER 31, 2021

<u>State Funding Department</u>	<u>State Grant Account Number</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Grant Period</u>		<u>Grant Expenditures</u>	<u>Cumulative Grant Expenditures</u>
				<u>From</u>	<u>To</u>		
<u>New Jersey Office of Homeland Security</u>							
Nonprofit Security Grant Program	n/a	75,000	75,000	9/1/20	8/20/21	75,000	75,000
<u>Total New Jersey Office of Homeland Security</u>			<u>75,000</u>			<u>75,000</u>	<u>75,000</u>
Total State Financial Assistance			<u>75,000</u>			<u>75,000</u>	<u>75,000</u>

Boys and Girls Clubs of Lower Bergen County, Inc.
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
December 31, 2021

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal award and state financial assistance programs of the Boys and Girls Clubs of Lower Bergen County, Inc. The Club is defined in Note 1(A) to the Club's general purpose financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Club's financial statements.

	<u>Federal Awards</u>	<u>State Awards</u>	<u>Total</u>
Balance - 12/31/20, As Restated	\$31,288	\$-0-	\$31,288
Grants Awarded	724,742	75,000	799,742
Funds Received	<u>(698,109)</u>	<u>(75,000)</u>	<u>(773,109)</u>
Balance - 12/31/21	<u>\$57,921</u>	<u>\$ -0-</u>	<u>\$57,921</u>

NOTE 4. INDIRECT COST RATE

The Boys and Girls Clubs of Lower Bergen County, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? X yes no
- 2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified? yes X no

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200 section .516(a) of the Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84-287</u>	<u>21st Century Community Learning Centers</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk audited? yes X no

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)

Section II - Financial Statement Findings

Finding 2021-01:

Conditions:

Net position accounts examined require material balance adjustments during the audit engagement.

Criteria:

SAS 115 suggests that such adjustments are indicators of potential deficiencies in an entity's internal controls.

Cause:

Insufficient monitoring controls were in place for fixed assets, liabilities, and net assets.

Effect:

Adjustments were required to fixed assets, liabilities and net assets as described in the prior period adjustment note to the financial statements.

Recommendation:

That the control deficiencies should be removed and corrected by management.

Management's Response

Management acknowledges this problem and believes this finding has been corrected in the 2022 fiscal year.

Section III - Federal Awards Financial Assistance Findings and Questioned Costs

This section identifies the audit findings required to be reported in the Uniform Guidance, as well as any abuse findings involving Federal Awards that is material to a major program.

NONE

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

Status of Prior Year Findings

A review was performed on all prior year recommendations and corrective action was taken on all items.

Problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Acknowledgment

Problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, do not hesitate to call us.

We wish to thank the Boys and Girls Clubs of Lower Bergen County, Inc. for their cooperation during the performance of our audit.

Respectfully submitted,

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

CORRECTIVE ACTION PLAN (CAP)
For the Fiscal Year Ended month XX, 201X December 23, 2021

Submit a CAP only if there are findings in the financial statements

COMMUNITY BASED ORGANIZATION Boys & Girls Clubs of Lower Bergen County, Inc. COUNTY Bergen
CONTACT PERSON Joseph J. Licata TYPE OF AUDIT _____
TELEPHONE NUMBER 973-473-7410 ext. 113 DATE OF BOARD MEETING _____
EMAIL ADDRESS joe.licata@bgcoflodi.org

RECOMMENDATION NUMBER	CORRECTIVE ACTION REQUIRED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	PLANNED COMPLETION DATE OF IMPLEMENTATION
84-287	Worked with Accountant to update controls for fixed assets, liabilities and net assets. Fix assets were properly depreciated		Joseph J. Licata, CEO Kim Cattafi, Finance Director	March 1, 2023



CHIEF SCHOOL ADMINISTRATOR

7/3/2023

DATE

BOARD SECRETARY/SCHOOL BUSINESS ADMINISTRATOR

DATE