

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

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

**TABLE OF CONTENTS**

<b><u>Page</u></b>		<b><u>Exhibit</u></b>
1	Independent Auditor's Report	
	<b><u>FINANCIAL STATEMENTS</u></b>	
4	Statement of Financial Position	A
5	Statement of Activities	B
7	Statement of Cash Flows	C
8	Notes to the Financial Statements	
	<b><u>SUPPLEMENTAL INFORMATION</u></b>	<b><u>Schedule</u></b>
21	Statements of Summarized Functional Expenses	1
22	Statements of Functional Expenses	2
24	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 <i>Government Auditing Standards</i>	
26	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	
29	Schedule of Expenditures of Federal Awards	
30	Notes to the Schedules of Expenditures of Federal Awards	
31	Schedule of Findings and Questioned Costs	
33	Schedule of Prior Audit Findings	



# WIELKOTZ & COMPANY<sup>LLC</sup>

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
JAMES J. CERULLO, CPA, RMA, PSA  
KARI FERGUSON, CPA, RMA, CMFO, PSA  
ROBERT C. McNinch, CPA, CFE, PSA  
KEVIN REEVES, CPA, PSA

401 WANAQUE AVENUE  
POMPTON LAKES, NEW JERSEY 07442  
PHONE: (973)-835-7900  
FAX: (973)-835-7900  
EMAIL: [OFFICE@W-CPA.COM](mailto:OFFICE@W-CPA.COM)  
[WWW.W-CPA.COM](http://WWW.W-CPA.COM)

## 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, 2022 and 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, 2022 and 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.

#### **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**

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.

  
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>ASSETS</u>	<u>2022</u>	<u>2021</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 795,052	\$ 527,653
Accounts Receivable	31,047	8,513
Grants Receivable	321,322	57,921
Other Assets	16,060	37,730
	<u>1,163,481</u>	<u>631,817</u>
<b>Capital Assets:</b>		
Property and Equipment (Net Accumulated of Depreciation)	<u>2,983,774</u>	<u>2,270,362</u>
Total Assets	<u>\$ 4,147,255</u>	<u>\$ 2,902,179</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Expenses	\$ 177,486	\$ 123,204
Mortgage, Credit Line, Notes, Loans Payable	38,211	22,796
Other Liabilities	57,567	59,935
	<u>273,264</u>	<u>205,935</u>
<b>Long-Term Liabilities:</b>		
Mortgage, Credit Line, Notes, Loans Payable	<u>1,996,820</u>	<u>1,987,769</u>
Total Liabilities	<u>\$ 2,270,084</u>	<u>\$ 2,193,704</u>
<b>Net Assets:</b>		
With Donor Restrictions		
Scholarship Reserve	10,500	10,500
Without Donor Restrictions		
Designated for Building Projects	101,422	231,582
Undesignated	<u>1,765,249</u>	<u>466,393</u>
Total Net Assets	<u>\$ 1,877,171</u>	<u>\$ 708,475</u>
Total Liabilities and Net Assets	<u>\$ 4,147,255</u>	<u>\$ 2,902,179</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, 2022		
	Without Donor Restriction	With Donor Restriction	Total
<b>Public Support</b>			
Individual Contributions	\$ 69,848	5,000	74,848
Corporate Contributions	31,454		31,454
Foundation Contributions	93,133		93,133
Government Grants		1,768,368	1,768,368
In-Kind Donations	34,344		34,344
Total Public Support	<u>228,779</u>	<u>1,773,368</u>	<u>2,002,147</u>
<b>Revenues</b>			
Member Dues	13,545		13,545
Programs	1,076,362		1,076,362
Fundraising	1,979,714		1,979,714
Facility Rental	508,530		508,530
Insurance Proceeds	246,015		246,015
Employee Retention Credits	360,847		360,847
Investment Income	181		181
Miscellaneous	87,601		87,601
Total Revenues	<u>4,272,795</u>	<u>-</u>	<u>4,272,795</u>
Net Assets Released from Restrictions	<u>1,768,368</u>	<u>(1,768,368)</u>	<u>-</u>
<b>Total Public Support and Revenues</b>	<u>6,269,942</u>	<u>5,000</u>	<u>6,274,942</u>
<b>Functional Expenses:</b>			
Program Services:			
21st Century Program	549,654		549,654
Hackensack Program	222,473		222,473
Hackensack Middle School	175,061		175,061
Lodi Program	1,192,567		1,192,567
Other Programs	103,762		103,762
Total Program Services	<u>2,243,517</u>	<u>-</u>	<u>2,243,517</u>
Supporting Services:			
Management and General	1,316,198	5,000	1,321,198
Fundraising	1,541,531		1,541,531
Total Supporting Services	<u>2,857,729</u>	<u>5,000</u>	<u>2,862,729</u>
Total Functional Expenses	<u>5,101,246</u>	<u>5,000</u>	<u>5,106,246</u>
<b>Changes in Net Assets</b>	<u>1,168,696</u>	<u>-</u>	<u>1,168,696</u>
<b>Net Assets, January 1,</b>	<u>\$ 697,975</u>	<u>10,500</u>	<u>708,475</u>
<b>Net Assets, December 31,</b>	<u>\$ 1,866,671</u>	<u>10,500</u>	<u>1,877,171</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
<b>Public Support</b>			
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>
<b>Revenues</b>			
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		
Insurance Proceeds	216,148		216,148
Miscellaneous	18,513		18,513
Total Revenues	<u>2,227,844</u>	<u>-</u>	<u>2,227,755</u>
Net Assets Released from Restrictions	<u>1,263,852</u>	<u>(1,263,852)</u>	<u>-</u>
<b>Total Public Support and Revenues</b>	<u>3,692,316</u>	<u>5,000</u>	<u>3,697,316</u>
<b>Functional Expenses:</b>			
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>
<b>Changes in Net Assets</b>	<u>434,248</u>	<u>1,000</u>	<u>435,248</u>
<b>Net Assets, January 1,</b>	<u>\$ 263,727</u>	<u>9,500</u>	<u>273,227</u>
<b>Net Assets, December 31,</b>	<u>\$ 697,975</u>	<u>10,500</u>	<u>708,475</u>

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>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 1,168,696	\$ 435,248
Adjustments to Reconcile Cash in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization Expense	320,286	262,479
(Increase) Decrease in:		
Accounts Receivable	(22,534)	(7,708)
Grants Receivable	(263,401)	(26,633)
Other Assets	21,670	(1,511)
Increase (Decrease) Liabilities:		
Accounts Payable and Accrued Expenses	54,282	38,455
Other Liabilities	(2,368)	10,395
Net Cash Provided (Used) by Operating Activities	<u>1,276,631</u>	<u>710,725</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Property, Plant, and Equipment	(1,033,698)	(392,974)
Net Cash Provided (Used) by Investing Activities	<u>(1,033,698)</u>	<u>(392,974)</u>
<b>Cash Flows From Financing Activities:</b>		
Repayment of Debt	24,466	(49,472)
Net Cash Provided (Used) by Financing Activities	<u>24,466</u>	<u>(49,472)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>267,399</b>	<b>268,279</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>\$ <u>527,653</u></b>	<b>\$ <u>259,374</u></b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ <u><u>795,052</u></u></b>	<b>\$ <u><u>527,653</u></u></b>
<b>Supplemental Disclosures of Cash Flows Information:</b>		
In-Kind Contributions	\$ 48,057	\$ 48,057
Interest Paid	87,028	33,420
Income Taxes Paid	422	422

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, 2022 AND 2021**

**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, 2022 AND 2021**

**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 \$10,500 in donor restricted net assets at December 31, 2022 and 2021, 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 \$101,422 and \$231,582 in board designated net assets at December 31, 2022 and 2021, respectively. The Club had the following board designated net assets at December 31, 2022:

Building Projects	<u>\$101,422</u>
-------------------	------------------

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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 \$1,765,249 and \$466,393 in undesignated net assets at December 31, 2022 and 2021, 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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022, 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, 2022</u>	<u>December 31, 2021</u>
Donated Services	\$9,000	\$12,000
Donated Goods	<u>25,344</u>	<u>36,057</u>
	<u>\$34,344</u>	<u>\$48,057</u>

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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 \$31,047 and \$8,513 in accounts receivable at December 31, 2022 and 2021, 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 2020 and 2021. In 2022, the application was approved and the Club received all of the credits.

**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, 2022 and 2021, \$546,717 and \$290,686, 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, 2022 AND 2021**

**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( $\frac{1}{2}$  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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Unrestricted	\$688,980	\$292,021
Board Designated	101,422	231,582
Petty Cash	1,550	1,550
Cash on Hand	<u>3,100</u>	<u>2,500</u>
	<u>\$795,052</u>	<u>\$527,653</u>

*[THIS AREA INTENTIONALLY LEFT BLANK]*

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 3— CAPITAL ASSETS**

A summary of capital assets at December 31, 2022 and 2021 is as follows:

	December 31, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2022</u>
Land	75,532			75,532
Building - Lodi	3,009,650	716,479		3,726,129
Building - Hackensack		5,431		5,431
Furniture & Fixtures - Lodi	346,455	65,811		412,266
Furniture & Fixtures - Administration	12,450	4,328		16,778
Furniture & Fixtures - 21st Century	17,707	-		17,707
Furniture & Fixtures - Hackensack	4,801	10,510		15,311
Furniture & Fixtures - CAAP		2,437		2,437
Transportation - Hackensack	96,851	-		96,851
Transportation - Lodi		200,772		200,772
Pool	76,003	27,932		103,935
Flood Loss - Replacement	566,866	-		566,866
Hurricane Irene Damages	<u>1,278,864</u>	<u>-</u>		<u>1,278,864</u>
	<u>5,485,179</u>	<u>1,033,700</u>	<u>-</u>	<u>6,518,879</u>
<i>Accumulated Depreciation:</i>				
Building - Lodi	(1,812,865)	(170,842)		(1,983,707)
Building - Hackensack		(1,086)		(1,086)
Furniture & Fixtures - Lodi	(235,813)	(58,493)		(294,306)
Furniture & Fixtures - Administration	(6,895)	(3,356)		(10,251)
Furniture & Fixtures - 21st Century	(5,054)	(3,541)		(8,595)
Furniture & Fixtures - Hackensack	(2,881)	(2,642)		(5,523)
Furniture & Fixtures - CAAP		(487)		(487)
Transportation - Hackensack	(78,749)	(13,836)		(92,585)
Pool	(22,483)	(14,848)		(37,331)
Flood Loss - Replacement	(566,864)	(2)		(566,866)
Hurricane Irene Damages	<u>(483,213)</u>	<u>(51,155)</u>		<u>(534,368)</u>
	<u>(3,214,817)</u>	<u>(320,288)</u>	<u>-</u>	<u>(3,535,105)</u>
	<u>\$2,270,362</u>	<u>\$713,412</u>	<u>-</u>	<u>\$2,983,774</u>

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE3- CAPITAL ASSETS, (continued)**

	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, 2022 AND 2021**

**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 principal and interest payments being \$4,113. On the 5<sup>th</sup> 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 10<sup>th</sup> 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, 2022 and 2021 was \$24,199 and \$31,664, respectively.

Mortgage Payable balances as of December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Due in One Year	\$25,082	\$22,796
Due Beyond One Year	<u>547,773</u>	<u>572,855</u>
Balance December 31,	<u>\$572,855</u>	<u>\$595,651</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, 2022 AND 2021**

**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, 2022 and 2021, loan payable balances were as follows:

	<u>2022</u>	<u>2021</u>
Due in One Year	\$0	\$0
Due Beyond One Year	<u>200,000</u>	<u>200,000</u>
Balance December 31,	<u>\$200,000</u>	<u>\$200,000</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, 2022 and 2021 were \$32,148 and \$-0-, 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>2022</u>	<u>2021</u>
Due in One Year	\$0	\$0
Due Beyond One Year	<u>466,253</u>	<u>466,253</u>
Balance December 31,	<u>\$466,253</u>	<u>\$466,253</u>

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021, loan payable balances were as follows:

	<u>2022</u>	<u>2021</u>
Due in One Year	\$0	\$0
Due Beyond One Year	<u>726,995</u>	<u>726,995</u>
Balance December 31,	<u>\$726,995</u>	<u>\$726,995</u>

**Notes Payable**

On May 17, 2016, the Club purchased anew 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, 2022 and 2021 were \$239 and \$858, respectively. As of December 31, 2022 the balance remaining on this agreement was \$-0-. This loan was paid in full in 2022.

In April 2022, the Club financed \$78,776 for 72 months with an interest rate of 13.75% for the purchase of School Bus. As of December 31, 2022, the Club had a balance of \$68,929, and paid interest of \$1,504.

	<u>2022</u>
Due in One Year	\$13,129
Due Beyond One Year	<u>55,800</u>
Balance December 31,	<u>\$68,929</u>

**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, 2022, 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.

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021 amounted to \$508,530 and \$423,476, 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, 2022 and 2021 amounted to \$24,274 and \$22,852, 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.

**NOTE 9 – OTHER MATTERS**

Other Litigation

The Club is involved in litigation surrounding an old allegation of child abuse. As of December 31, 2022, 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**

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.

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.**  
**STATEMENTS OF SUMMARIZED FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2022**

	<b>PROGRAM SERVICES</b>	<b>MANAGEMENT &amp; GENERAL</b>	<b>FUNDRAISING</b>	<b>TOTAL EXPENSES 12/31/2022</b>	<b>TOTAL EXPENSES 12/31/2021</b>
Salaries	1,153,229	584,264	180,715	1,918,208	1,365,987
Payroll Taxes	113,370	39,165	17,270	169,805	109,549
Payroll Benefits	22,620	83,481	2,916	109,017	70,998
Total Compensation	1,289,219	706,910	200,901	2,197,030	1,546,534
Outside Consulting	12,412			12,412	5,200
Fees & Permits	-	2,668	-	2,668	1,878
Dues & Licenses	551	15,861	4,240	20,652	22,585
Supplies & Materials	121,151	66,499	228,115	415,765	217,332
Communications	5,055	15,606	-	20,661	11,559
Computer & Peripheral	10,396	21,438	-	31,834	21,218
Outside Security Services	24,220	-	-	24,220	9,555
Meals	118	-	-	118	-
Real Property Lease	-	20,400	-	20,400	19,200
Advertising	97	1,495	-	1,592	740
Promotion	-	310	13,254	13,564	5,987
Board Expenses	-	4,505	-	4,505	2,835
Training, Conference & Seminars	6,175	13,964	-	20,139	7,605
Repairs & Maintenance	11,605	48,782	-	60,387	21,299
Credit Card Fees	-	26,709	18,190	44,899	13,567
Electronic Rentals	-	-	75,764	75,764	34,677
Equipment	73,532	10,227	-	83,759	10,255
Good & Welfare	-	9,490	-	9,490	2,663
Insurance	-	148,997	-	148,997	124,931
Interest	-	87,028	-	87,028	33,420
Miscellaneous	1,625	4,373	1,175	7,173	7,785
Legal Fees	-	19,157	-	19,157	12,000
Accounting & Auditing	-	13,500	-	13,500	16,225
Payroll Processing	-	24,364	-	24,364	16,334
Pension Maintenance	-	1,600	-	1,600	1,875
Postage	-	3,078	-	3,078	1,576
Direct Activity Expenses	171,301	5,407	-	176,708	99,099
Prizes & Awards	-	-	920,645	920,645	455,702
Contracted Services	113,719	20,068	-	133,787	147,476
Golf Outing	-	-	31,204	31,204	34,772
Utilities	86,834	15,324	-	102,158	82,832
Transportation	43,264	13,438	-	56,702	10,873
Total Expenses Before Depreciation and Amortization	1,971,274	1,321,198	1,493,488	4,785,960	2,999,589
Disposals, Depreciation and Amortization	272,243	-	48,043	320,286	262,479
Total Expenses	2,243,517	1,321,198	1,541,531	5,106,246	3,262,068

BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2022

	PROGRAM SERVICES					SUPPORTING SERVICES		
	21st CENTURY PROGRAM	HACKENSACK PROGRAM	HMS PROGRAM	LODI PROGRAM	OTHER PROGRAMS	TOTAL PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTAL SUPPORTING SERVICES
Salaries	360,435	165,194	122,113	423,925	81,562	1,153,229	584,264	764,979
Payroll Taxes	34,154	15,719	11,813	43,830	7,854	113,370	39,165	56,435
Payroll Benefits	7,471	2,687	67	12,395		22,620	83,481	86,397
Total Compensation	402,060	183,600	133,993	480,150	89,416	1,289,219	706,910	907,811
Outside Consulting	11,250				1,162	12,412		12,412
Fees & Permits						-	2,668	2,668
Dues & Licenses	301		250			551	15,861	20,101
Supplies & Materials	66,673	1,659	25,313	24,153	3,353	121,151	66,499	294,614
Communications	1,059	3,333	663			5,055	15,606	415,765
Computer & Peripheral	6,149	1,198	3,049			10,396	21,438	20,661
Outside Security Services	24,220					24,220		31,834
Real Property Lease						-	20,400	24,220
Meals	118					118		20,400
Advertising	40	57				97	1,495	118
Promotion						-	310	1,592
Board Expenses						-	4,505	13,564
Training, Conference & Seminars						-		4,505
Repairs & Maintenance	1,876	504	313	1,369	2,113	6,175	13,964	13,964
Credit Card Fees				10,921	684	11,605	48,782	20,139
Electronic Rentals						-	26,709	48,782
Equipment			3,741	69,343	448	73,532	10,227	44,899
Good & Welfare						-	9,490	75,764
Insurance						-	148,997	10,227
Interest						-	87,028	9,490
Miscellaneous	76		572		977	1,625	4,373	148,997
Legal Fees						-	19,157	87,028
Accounting & Auditing						-	13,500	5,548
Payroll Processing						-	24,364	7,173
Pension Maintenance						-	1,600	19,157
Postage						-	3,078	13,500
Direct Activity Expenses	35,832	32,122	7,167	93,230	2,950	171,301	5,407	24,364
Prizes & Awards						-	20,068	1,600
Contracted Services						-	920,645	3,078
Golf Outing						-	31,204	5,407
Utilities						-	15,324	920,645
Transportation						-	13,438	20,068
Total Expenses Before Depreciation and Amortization	549,654	222,473	175,061	920,324	103,762	1,971,274	1,321,198	31,204
Depreciation and Amortization								15,324
Disposals, Depreciation and Amortization								13,438
Total Expenses	549,654	222,473	175,061	1,192,567	103,762	2,243,517	1,321,198	56,702
								2,814,686
								4,785,960
								320,286
								5,106,246

-23-



## WIELKO TZ & COMPANY<sup>LLC</sup>

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
JAMES J. CERULLO, CPA, RMA, PSA  
KARI FERGUSON, CPA, RMA, CMFO, PSA  
ROBERT C. MCNINCH, CPA, CFE, PSA  
KEVIN REEVES, CPA, PSA

401 WANAQUE AVENUE  
POMPTON LAKES, NEW JERSEY 07442  
PHONE: (973)-835-7900  
FAX: (973)-835-7900  
EMAIL: OFFICE@W-CPA.COM  
WWW.W-CPA.COM

**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, 2022 and 2021, 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.



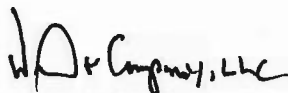
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

### **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 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 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.



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

April 6, 2023





# WIELKOTZ & COMPANY<sup>LLC</sup>

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
JAMES J. CERULLO, CPA, RMA, PSA  
KARI FERGUSON, CPA, RMA, CMFO, PSA  
ROBERT C. MCNINCH, CPA, CFE, PSA  
KEVIN REEVES, CPA, PSA

401 WANAQUE AVENUE  
POMPTON LAKES, NEW JERSEY 07442  
PHONE: (973)-835-7900  
FAX: (973)-835-7900  
EMAIL: OFFICE@W-CPA.COM  
WWW.W-CPA.COM

## **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, 2022. 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, 2022.

#### **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

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.

### **Compliance and Other Matters**

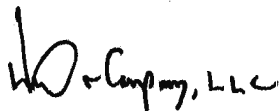
As part of obtaining reasonable assurance about whether the Club's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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



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, 2022

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		
<b>U.S. Department of Education</b>								
<i>Passed Through New Jersey Department of Education</i>								
21st Century Community Learning Centers	84.287	S287C210030	500,000	416,433	9/1/22	8/31/23	131,537	131,537
21st Century Community Learning Centers	84.287	S287C210030	500,000	63,757	9/1/21	8/31/22	358,512	467,356
Education Stabilization Fund	84.425	n/a	705,000	470,000	9/1/21	8/31/23	366,431	366,431
<b>Total U.S. Department of Education</b>				<u>950,190</u>			<u>856,480</u>	<u>965,324</u>
<b>U.S. Department of Justice</b>								
<i>Passed Through Boys and Girls Club of America</i>								
Juvenile Mentoring Program	16.726	n/a	66,750	46,125	1/1/22	12/31/22	66,750	66,750
<b>Total U.S. Department of Justice</b>				<u>46,125</u>			<u>66,750</u>	<u>66,750</u>
<b>U.S. Department of the Treasury</b>								
<i>Passed Through County of Bergen</i>								
Coronavirus Aid, Relief and Economic Security Act (CARES)	21.019	SLT0007	540,000		8/1/22	7/30/23		
Coronavirus Aid, Relief and Economic Security Act (CARES)	21.019	SLT0007	283,259	53,345	12/1/20	6/30/22	25,642	283,259
<b>Total U.S. Department of the Treasury</b>				<u>53,345</u>			<u>25,642</u>	<u>283,259</u>
<b>Total Federal Financial Awards</b>				<u>1,049,660</u>			<u>948,872</u>	<u>1,315,333</u>

See accompanying notes to the schedule of expenditures of awards and financial assistance.

**Boys and Girls Clubs of Lower Bergen County, Inc.**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**December 31, 2022**

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards 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.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards 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>Total</u>
Balance- 12/31/21	\$57,921	\$57,921
Grants Awarded	1,313,061	1,313,061
Funds Received	(1,049,660)	(1,049,660)
Balance - 12/31/22	<u>\$321,322</u>	<u>\$321,322</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.

## Section I - Summary of Auditor's Results

## Unmodified

           yes        X   no

           yes          X     none reported

\_\_\_\_\_ yes          X     no

           yes          X     no

           yes          X     no

unmodified

           yes      X no

84-287

21<sup>st</sup> Century Community Learning Centers

           yes                            X       no

**BOYS AND GIRLS CLUBS OF LOWER BERGEN COUNTY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(continued)**

**Section II - Financial Statement Findings**

NONE

**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, 2022**

**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  
Certified Public Accountants  
Pompton Lakes, New Jersey