

**BOYS & GIRLS CLUBS  
OF OKLAHOMA COUNTY, INC.**

**Financial Statements and Report  
of Independent Auditors**

**June 30, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Boys & Girls Clubs of Oklahoma County, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Boys & Girls Clubs of Oklahoma County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Oklahoma County, Inc. as of June 30, 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 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 Boys & Girls Clubs of Oklahoma 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.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Clubs of Oklahoma County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Boys & Girls Clubs of Oklahoma County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Clubs of Oklahoma 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.

### ***Supplementary Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of Boys & Girls Clubs of Oklahoma 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Boys & Girls Clubs of Oklahoma County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys & Girls Clubs of Oklahoma County, Inc.'s internal control over financial reporting and compliance.

*Russell & Williams CPA's, P.C.*

Russell & Williams CPA's, P.C.  
Oklahoma City, Oklahoma  
March 29, 2023

**Boys & Girls Clubs of Oklahoma County, Inc.**

**Statement of Financial Position**

**June 30, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Cash and Cash Equivalents	\$ 6,171,231	\$ 6,452,670
Grants Receivable	521,411	355,839
Accounts Receivable	638,300	798,550
Pledges Receivable, Net	190,600	529,600
Beneficial Interest in Assets Held by Others	1,070,885	689,621
Prepaid Expenses	41,126	32,426
Other Assets	139,714	58,713
Property and Equipment, Net	6,906,307	4,775,140
<b>Total Assets</b>	<b>\$ 15,679,574</b>	<b>\$ 13,692,559</b>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 177,667	\$ 44,781
Accrued Liabilities	39,698	431
Accrued Compensated Absences	55,569	48,564
PPP Loan	-	840,524
<b>Total Liabilities</b>	272,934	934,300
 <b>Net Assets</b>		
<b>Without Donor Restrictions</b>		
Board Designated	2,500,000	3,537,321
General Use	5,948,557	2,991,941
Invested in Property & Equipment (Net of Debt)	6,906,307	4,775,140
<b>Total Without Donor Restrictions</b>	15,354,864	11,304,402
<b>With Donor Restrictions</b>	51,776	1,453,857
<b>Total Net Assets</b>	15,406,640	12,758,259
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,679,574</b>	<b>\$ 13,692,559</b>

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

**Boys & Girls Clubs of Oklahoma County, Inc.**  
**Statement of Activities**  
**For the Years Ending June 30, 2022 and 2021**

	2022			2021		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
<b>Revenues, Gains and Other Support</b>						
Grants and Contributions	\$ 4,158,249	\$ 50,000	\$ 4,208,249	\$ 2,102,687	\$ 1,785,000	\$ 3,887,687
Government Grants (includes pass through to clubs of \$1,048,476 and \$-0-, respectively)	4,635,772	-	4,635,772	2,982,869	-	2,982,869
Program Service Fees	29,742	-	29,742	26,455	-	26,455
Special Events (Net of Donor Benefits of \$91,092 and \$23,152, respectively)	323,365	-	323,365	338,814	-	338,814
Other Income	856,799	-	856,799	13,023	-	13,023
Investment Income	12,304	-	12,304	14,733	152,624	167,357
Net Unrealized Gains (Losses)	(107,970)	-	(107,970)	42	-	42
Net Assets Released from Restrictions	1,452,081	(1,452,081)	-	1,393,838	(1,393,838)	-
<b>Total Revenues, Gains and Other Support</b>	<b>11,360,342</b>	<b>(1,402,081)</b>	<b>9,958,261</b>	<b>6,872,461</b>	<b>543,786</b>	<b>7,416,247</b>
<b>Expenditures</b>						
Program Expenses	6,846,700	-	6,846,700	4,207,013	-	4,207,013
Management and General	243,924	-	243,924	271,335	-	271,335
Fundraising	219,256	-	219,256	148,586	-	148,586
<b>Total Expenditures</b>	<b>7,309,880</b>	<b>-</b>	<b>7,309,880</b>	<b>4,626,934</b>	<b>-</b>	<b>4,626,934</b>
<b>Change in Net Assets</b>	<b>4,050,462</b>	<b>(1,402,081)</b>	<b>2,648,381</b>	<b>2,245,527</b>	<b>543,786</b>	<b>2,789,313</b>
<b>Beginning Net Assets</b>	<b>11,304,402</b>	<b>1,453,857</b>	<b>12,758,259</b>	<b>9,058,875</b>	<b>910,071</b>	<b>9,968,946</b>
<b>Ending Net Assets</b>	<b>\$ 15,354,864</b>	<b>\$ 51,776</b>	<b>\$ 15,406,640</b>	<b>\$ 11,304,402</b>	<b>\$ 1,453,857</b>	<b>\$ 12,758,259</b>

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

**Boys & Girls Clubs of Oklahoma County, Inc.**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	\$ 2,648,381	\$ 2,789,313
Adjustments to reconcile Net Income (Loss) to net Cash Provided by (used in) operating activities:		
Depreciation and Amortization	406,110	260,353
Unrealized Beneficial Interest Activity	(381,263)	(129,859)
Forgiveness of PPP Loan	(840,524)	-
Decrease (Increase) in Operating Assets		
Receivables	333,677	(361,236)
Others Assets	(81,002)	(30,374)
Prepaid Insurance	(8,700)	3,904
(Decrease) Increase in Operating Liabilities		
Accounts Payable	132,886	(209)
Accrued Liabilities	39,267	45
Accrued Compensated Absences	7,004	9,551
Total Adjustments	(392,545)	(247,825)
<b>Net Cash Provided By (Used in) Operating Activities</b>	<b>2,255,836</b>	<b>2,541,488</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,537,275)	(416,161)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(2,537,275)</b>	<b>(416,161)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan Proceeds	-	451,224
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>-</b>	<b>451,224</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(281,439)</b>	<b>2,576,551</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>6,452,670</b>	<b>3,876,119</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 6,171,231</b>	<b>\$ 6,452,670</b>

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

**Boys & Girls Clubs of Oklahoma County, Inc.**  
**Statement of Functional Expense**  
**For the Years Ending June 30, 2022 and 2021**

	2022				2021			
	Program	Management & General	Fundraising	Total	Program	Management & General	Fundraising	Total
Salaries & Wages	\$ 2,877,905	\$ 101,790	\$ 95,245	\$ 3,074,940	\$ 2,173,252	\$ 92,810	\$ 75,706	\$ 2,341,768
Employee Benefits	289,119	11,360	9,474	309,953	166,098	51,865	7,614	225,577
Payroll Taxes	100,446	13,421	3,055	116,922	190,959	7,267	5,766	203,992
<b>Total Personnel Costs</b>	<b>3,267,470</b>	<b>126,571</b>	<b>107,774</b>	<b>3,501,815</b>	<b>2,530,309</b>	<b>151,942</b>	<b>89,086</b>	<b>2,771,337</b>
Depreciation	398,430	3,840	3,840	406,110	252,673	3,840	3,840	260,353
Dues	12,025	3,322	2,830	18,177	31,745	1,747	959	34,451
Insurance	207,552	5,621	3,760	216,933	120,714	17,102	2,549	140,365
Information Technology	106,434	4,861	5,402	116,697	16,638	10,600	4,070	31,308
Interest	4,667	697	-	5,364	-	306	-	306
Occupancy	285,205	15,645	2,419	303,269	242,746	13,788	4,069	260,603
Organized Activities	850,860	15,359	150	866,369	350,568	4,806	1,203	356,577
Office & Supplies	102,867	19,408	208	122,483	56,773	35,354	615	92,742
Other Expenses	255,912	1,901	-	257,813	417,837	9,713	-	427,550
Printing & Postage	5,109	1,335	10,792	17,236	1,817	1,953	3,613	7,383
Professional Fees	102,361	20,378	787	123,526	77,724	16,443	5,064	99,231
Repairs & Maintenance	86,083	2,045	-	88,128	75,239	-	-	75,239
Seminars & Conferences	23,952	22,941	2,348	49,241	6,668	3,422	142	10,232
Other Fundraising Activities	15,000	-	78,946	93,946	-	319	33,376	33,695
Passthrough funds to other clubs	1,048,476	-	-	1,048,476	-	-	-	-
Vehicle Expense	74,297	-	-	74,297	25,562	-	-	25,562
<b>Total Expenses</b>	<b>\$ 6,846,700</b>	<b>\$ 243,924</b>	<b>\$ 219,256</b>	<b>\$ 7,309,880</b>	<b>\$ 4,207,013</b>	<b>\$ 271,335</b>	<b>\$ 148,586</b>	<b>\$ 4,626,934</b>

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



**BOYS & GIRLS Clubs OF OKLAHOMA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*ORGANIZATION*

Boys & Girls Clubs of Oklahoma County, Inc. (the Clubs) is a non-profit, community-based organization devoted to providing the children of Oklahoma County with academic and cultural enrichment, leadership development, social and emotional learning, sports, arts, STEM, college and career planning, and workforce development in a safe, supervised environment. The Clubs is primarily supported by individual and corporate donations and foundation grants.

*BASIS OF PRESENTATION*

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Organizations*). Under FASB ASU No. 2016-14, the Network is required to report information regarding its financial position and activities according to two classes of net assets; without donor restrictions and with donor restrictions. As of June 30, 2022, the Organization had net assets with and without donor restrictions.

*ESTIMATES*

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure to contingent assets and liabilities at the date of the financial statement. Actual results could differ from those estimates. It is at least reasonably possible that the significant estimates used will change within the next year.

The Clubs has estimated an allowance for uncollectible in the amount of \$109,442.

*CASH AND CASH EQUIVALENTS*

The Clubs considers highly liquid investments with original maturities of three months or less to be cash equivalents.

*INVESTMENTS*

The Clubs reports investments, if any, in equity securities with readily determinable market values and all investments in debt securities at fair value with gains and losses included in the statement of activities.

*FAIR VALUE MEASUREMENTS*

Accounting Standards Codification (ASC) Topic 820 requires the Clubs to disclose estimated fair values for all financial instruments and establishes a fair value hierarchy for inputs used in measuring fair value. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that

# BOYS & GIRLS Clubs OF OKLAHOMA COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Financial instruments in the statement of financial position have included investments and beneficial interests. Investments, if held, would consist of debt and equity securities, would be considered Level 1 assets and would be reported at fair value based on quoted prices in active markets for identical assets at the measurement date. The beneficial interest in assets held by others is considered a Level 2 asset and is reported at fair value based on the valuation provided by the fund manager.

### *PROPERTY AND EQUIPMENT*

Purchased assets are recorded at cost, and donated assets are recorded at market value at the time of donation. Property and equipment with initial values of \$2,500 or more are capitalized and depreciated over their estimated useful lives of three to forty years on a straight-line basis.

### *CONTRIBUTIONS*

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. Contributions may be reported as unrestricted support if a time restriction ends or a purpose restriction is accomplished within the same reporting period. The Clubs reports gifts of land, buildings and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributed materials are recorded at market value at the time of donation, and contributed services are recorded at the fair value of the services, provided they meet the following criteria:

- Create or enhance non-financial assets: or
- Require specialized skills, are provided by individuals possessing those skills and would typically be purchased if not provided by donation.

The Clubs receives services from volunteers who give significant amounts of their time to the Club's programs and fund-raising campaigns. No amounts have been reflected for these types of donated services, as they do not meet the criteria outlined above.

# BOYS & GIRLS Clubs OF OKLAHOMA COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### *FUNCTIONAL EXPENSES*

Expenses are charged to each program based on direct expenditures incurred. Certain expenditures, which are not directly chargeable to a single function, are allocated based on applicable estimates.

### *INCOME TAXES*

The Clubs is an exempt organization under Internal Revenue Service (IRS) Code Section 501(c)(3) and is not classified as a private foundation within the meaning of IRS Code Section 509(a). Therefore, no provision has been made in the financial statements for income taxes.

### *ENDOWMENT INVESTMENT AND SPENDING POLICIES*

The Club's endowment consists of approximately one individual fund established for a variety of purposes. The endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Clubs has interpreted the Oklahoma Prudent Management of Institutional Funds Act (OKPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment fund gift, absent explicit donor instructions to the contrary. As a result of this interpretation, the Clubs classifies as net assets with donor restriction (a) the original fair value of gifts to the permanent endowment, (b) the original fair value of any subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the explicit donor instructions at the time of the gift.

In accordance with OKPMIFA, the Clubs considered the following factors in making its determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Clubs and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation and depreciation of investments;
- Other resources of the Clubs; and
- The investment policy of the Clubs.

### *RECLASSIFICATION*

Certain reclassifications have been made to the prior year presentation to conform to the current year presentation.

# BOYS & GIRLS Clubs OF OKLAHOMA COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### *UNCERTAINTIES*

The novel coronavirus (“COVID-19), which was declared a global health emergency in January 2020 and a pandemic in March 2020, has caused significant changes in political and economic conditions around the world, including disruptions and volatility in the global capital markets. In response, the State of Oklahoma and local municipalities, including the city of Oklahoma City, Oklahoma, have taken various preventative or protective actions, such as imposing restrictions on business operations and advising or requiring individuals to limit or forgo their time outside of their homes. These issues impacted the operations of the Organization during the year ended June 30, 2022, including instituting remote work requirements for some employees and remote classroom learning for students. The Organization’s management have considered the economic implications of the COVID-19 pandemic in making critical and significant accounting estimates included in the June 30, 2022, financial statements.

The extent to which the COVID-19 pandemic may impact the Organization will depend on future developments which are uncertain, such as the duration of the outbreak, additional governmental mandates issued to mitigate the spread of the disease, business closures, economic disruptions, and the effectiveness of actions taken to contain and treat the virus. Accordingly, the COVID-19 pandemic may have a negative impact on the Organization’s future operations, the size and duration of which is difficult to predict. The Organization’s management will continue to actively monitor the situation and may take further actions altering operations that management determines are in the best interests of its employees, stakeholders, and students, or as required by federal, state, or local authorities.

### **NOTE 2 – OKLAHOMA CITY COMMUNITY FOUNDATION**

The Clubs and other donors have contributed to funds administered by the Oklahoma City Community Foundation, Inc. (OCCF) for the benefit of the Clubs. According to OCCF policy, the principal amounts of such contributions become the legal assets of OCCF.

Financial accounting standards provide that the value of reciprocal transfer assets, that is assets transferred by the Clubs to organizations raising or holding contributions for others, such as OCCF, be recognized as assets in the financial statements of the transferor. They also provide that the value of assets contributed by others to these types of organizations for the benefit of a specified beneficiary specifically not be recognized and recorded by the beneficiary. The Club’s beneficial interest in reciprocal transfer assets was \$1,070,885 and \$689,621 as of June 30, 2022 and 2021, respectively.

The market value of assets contributed by others to OCCF for the benefit of the Clubs and, therefore, not recorded in the financial statements was \$912,796 and \$495,920 at June 30, 2022 and 2021, respectively. Annual distributions from income are made to the Clubs based on OCCF’s spending policy, which is currently five percent of the average market value over the previous twelve quarters of all assets held for the benefit of the Clubs.

# BOYS & GIRLS Clubs OF OKLAHOMA COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### **NOTE 3 – INCOME TAXES**

On July 1, 2009, the Clubs adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles with no cumulative effect adjustment required. Income tax benefits would be recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position would more-likely-than-not be sustained upon examination by taxing authorities. The Clubs has analyzed tax positions taken for filing with the Internal Revenue Service and the Oklahoma Tax Commission. The Clubs believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Club's financial condition, results of operations or cash flows. Accordingly, the Clubs has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2022.

The Clubs is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Clubs believes it is no longer subject to income tax examinations for years prior to 2020.

### **NOTE 4 – CONCENTRATIONS**

The Club's services are concentrated in the Oklahoma County area with its contributors almost exclusively individuals, businesses and foundations in the Central Oklahoma metropolitan area. As a result, the Club's support is highly dependent upon the general economic conditions in the area. However, the risk of near-term severe impact on the operations and mission of the Clubs due to these concentrations is limited by the diversity among entities making up the donor base.

The Clubs is highly dependent on its relationship with certain schools in the Oklahoma City metropolitan area and a lease with the City of Oklahoma City to help house and facilitate its numerous programs.

### **NOTE 5 – AVAILABILITY OF RESOURCES AND LIQUIDITY**

The Organization has \$7,521,542 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$6,171,231, contributions and receivables of \$1,350,311, and short-term investments of \$-0-. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable are subject to time restrictions but are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,218,313. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments including, certificate of deposits and short-term treasury instruments.

# BOYS & GIRLS Clubs OF OKLAHOMA COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### NOTE 6 – PROPERTY AND EQUIPMENT

Property and Equipment Consisted of the Following:

	2022	2021
Furniture and Fixtures	\$ 558,288	\$ 396,194
Office Equipment	52,924	52,924
Computer Equipment	631,828	565,694
Kitchen Equipment	102,656	89,659
Recreation Equipment	91,042	91,042
Vehicles	962,548	377,044
Building	5,945,163	5,568,667
Work-in-Process	1,334,052	-
Land and Improvements	59,189	59,189
	9,737,689	7,200,413
Less: Accumulated Depreciation	2,831,382	2,425,273
Total Property and Equipment, Net	\$ 6,906,307	\$ 4,775,140

### NOTE 7 - ENDOWMENT

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Clubs holds a donor-restricted and board-designated endowment fund that is further described in Note 2 above.

Changes in Endowment Included:

	2022	2021
Endowment Net Assets, Beginning of Year	\$ 689,621	\$ 559,762
Investment Return (Loss)	(85,467)	155,667
Contributions	500,000	-
Appropriated for Expenditure	(33,269)	(25,808)
Endowment Net Assets, End of Year	\$ 1,070,884	\$ 689,621

By placing their endowment funds with the Oklahoma City Community Foundation, the Clubs hopes to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. This method of investing endowment assets is intended, over the long-term to:

- Enhance the total value of the endowment through appreciation and additions and/or the reinvestment of earnings in excess of spending appropriations;
- Preserve capital and avoid the risk of large loss

**BOYS & GIRLS Clubs OF OKLAHOMA COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE 8 – RETIREMENT PLAN**

All part-time and full-time employees who work 1,000 hours or more a year are eligible to participate in the retirement plan after one year of employment. The Clubs makes contributions to the plan equal to 5% of employee compensation. During the year ended June 30, 2022 and 2021, the Clubs contributions to the plan totaled \$67,060 and \$52,107, respectively.

**NOTE 9 – LEASES**

The Clubs leases office space under a lease which expires March 31, 2026. Rent expense incurred under this lease in 2022 and 2021, was \$61,012 and \$24,713, and is allocated to various categories in the accompanying statement of functional expenses. Future minimum lease payments will be as follows:

June 30, 2023	95,626
June 30, 2024	96,853
June 30, 2025	98,606
June 30, 2026	74,941

**NOTE 10 – COMPREHENSIVE CAMPAIGN**

In order to ensure the continued growth, impact, and sustainability of the Boys & Girls Clubs of Oklahoma County, a \$7.8MM Great Futures Comprehensive Campaign was begun during FY17. The fundraising portion of the campaign was completed in FY19. Funds raised will allow us to reach more kids, more often, and with a deeper impact. Funds will go toward three general areas:

- 1) Capital and Infrastructure - Includes the construction of a new 6,000+ s.f. Teen Center, parking lot and safety improvements, and technology enhancements. This will allow us to increase our enrollment by about 500 teens.
- 2) Program Enhancements – Allows us to offer new and stronger programs that support key youth and teen outcomes. It includes enhanced STEAM (Science, Technology, Engineering, Arts, and Math) programming, career and college prep, and increased staff capacity and training.
- 3) Capacity & Sustainability – Ensures the sustainable operations, resources, and stability for our existing school sites, and allows us to open an additional Clubs site. It also allows for a modest increase in professional and administrative capacity in line with organizational growth.

Positive results from the Great Futures Campaign fundraising efforts can be seen in the financials with the increase in cash, receivables, pledges, and revenues. As of June 30, 2022, the original intention for use of campaign funds was completed and all remaining campaign had moved to focus solely on sustainability and future day-to-day operations.

**BOYS & GIRLS Clubs OF OKLAHOMA COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE 11 –Employee Retention Tax Credit**

During the course of the year, the Organization took advantage of the Employee Retention Tax Credit being offered by the Internal Revenue Services. The Employee Retention Credit under the CARES Act and further amended by the American Rescue Plan (ARP) encourages businesses to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19. The Organization received \$126,627 in tax credits for the year ended June 30, 2022. This amount is reflected in the financial statements as revenue in accordance with ASC 958-605. Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization’s claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

**NOTE 12 – PASS-THROUGH ACTIVITY**

A number of Boys & Girls Clubs across Oklahoma experienced significant wear and tear to their sites that resulted from serving youth 12 hours a day for 18 months during the COVID pandemic. These Clubs were awarded a onetime COVID Relief Fund (CRF) Grant from the State for \$2,600,000, of which \$2,350,339 was received in FY22. The funds were used for capital improvements and a Mobile Clubhouses to reach additional youth, primarily in rural and low-income areas. The funding period for this short-term Grant was originally 10/26/21-12-31-21, but was later extended federally and by the State of Oklahoma to ultimately expire 9/30/22.

As the Grantee, Boys & Girls Clubs of Oklahoma processed invoices, receipts, reports and reimbursements for 12 Boys & Girls Clubs – Adair, Bartlesville, Chelsea, Delaware, Green Country, Norman CCFI, Nowata, Ottawa, Red River Valley, Sequoyah, Tahlequah and the Salvation Army. Although the funds were originally required to be spent and/or accounted for in FY22, the deadline for reimbursements was extended into FY23 due to procurement shortages and delays in shipments. A total of \$1,048,476 was passed through Boys & Girls Clubs of Oklahoma County.

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 29, 2023, which is the date the financial statements were available to be issued. Notably, on March 28, 2023, HB 2884 which includes \$30.1M of ARPA funds for Club on the Go and capital projects for Boys & Girls Clubs statewide. Boys & Girls Clubs of Oklahoma County will again be the Grantee and will serve as the administrator and pass-through funding agent for 16 other Oklahoma Boys & Girls Club organizations.



## Russell & Williams CPA's, P.C.

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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 of  
Boys & Girls Clubs of Oklahoma 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 Boys & Girls Clubs of Oklahoma County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2023.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Boys & Girls Clubs of Oklahoma County, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Clubs of Oklahoma County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Clubs of Oklahoma 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Boys & Girls Clubs of Oklahoma County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Russell & Williams CPA's, P.C.*

Russell & Williams CPA's, P.C.  
Oklahoma City, Oklahoma  
March 29, 2023

**Boys & Girls Clubs of Oklahoma County**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2022**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	CFDA No.	Pass Through Identifying No	Federal Expenditures
U.S. Department of Treasury:			
Passed through OMES			
COVID Relief - CRF	21.019		2,350,339
Total U.S. Department of Treasury			2,350,339
U.S. Department of Education:			
Passed through Oklahoma Department of Education			
American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund	84.425U		1,392,915
Total U.S. Department of Education			1,392,915
Total Expenditures of Federal Awards			\$ 3,743,254
State Awards:			
Oklahoma Department of Mental Health and Substance Abuse Services			
Passed through Oklahoma Alliance of Boys & Girls Clubs			
Healthy Lifestyles Grant			38,569
Oklahoma Department of Health Services			
Passed through Oklahoma Alliance of Boys & Girls Clubs			
Youth Mentoring Incentive Grant			72,308
Total Expenditures of State Awards			\$ 110,877

**Notes to Schedule of Expenditures of Federal and State Awards**

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Boys & Girls Clubs of Oklahoma County under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Boys & Girls Clubs of Oklahoma County, it is intended to and does not present the financial position, changes in net assets, or cash flows of Boys & Girls Clubs of Oklahoma County.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on 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.

(2) Boys & Girls Clubs of Oklahoma County has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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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 Trustees of  
Boys & Girls Clubs of Oklahoma County, Inc.

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited Boys & Girls Clubs of Oklahoma County, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boys & Girls Clubs of Oklahoma County, Inc.'s major federal programs for the year ended June 30, 2022. Boys & Girls Clubs of Oklahoma 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, Boys & Girls Clubs of Oklahoma 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 June 30, 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 & Girls Clubs of Oklahoma 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 & Girls Clubs of Oklahoma 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 & Girls Clubs of Oklahoma 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 & Girls Clubs of Oklahoma 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*, and 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 & Girls Clubs of Oklahoma 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*, and 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 & Girls Clubs of Oklahoma 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 & Girls Clubs of Oklahoma 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 & Girls Clubs of Oklahoma 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.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Boys & Girls Clubs of Oklahoma County, Inc.'s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Boys & Girls Clubs of Oklahoma County, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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.

*Russell & Williams CPA's, P.C.*

Russell & Williams CPA's, P.C.  
Oklahoma City, Oklahoma  
March 29, 2023

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

**SECTION I. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Boys & Girls Clubs of Oklahoma County, Inc.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Boys & Girls Clubs of Oklahoma County, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal awards programs.
5. The auditor's report on compliance for the major federal award programs for Boys & Girls Clubs of Oklahoma County, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were:

<u>CFDA No.</u>	<u>Names of Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Fund
84.425U	ARP - ESSERF III

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Boys & Girls Clubs of Oklahoma County, Inc. was determined to not be a low-risk auditee.

**SECTION II. FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**Schedule of Prior Findings and Questioned Costs  
For the Year Ended June 30, 2022**

**None.**