

**BOYS AND GIRLS CLUB  
OF CLIFTON, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**BOYS AND GIRLS CLUB OF CLIFTON, 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>	
5	Statement of Financial Position	A
6	Statement of Activities	B
7	Statement of Cash Flows	C
8	Statement of Functional Expenses - 2022	D
9	Statement of Functional Expenses - 2021	D
10	Notes to the Financial Statements	
	<b><u>SUPPLEMENTAL INFORMATION</u></b>	<b><u>Schedule</u></b>
24	Statements of Financial Position - 2022	1
25	Statements of Financial Position - 2021	1
26	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>	
28	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	
31	Schedule of Expenditures of Federal Awards	
32	Notes to the Schedules of Expenditures of Federal Awards	
33	Schedule of Findings and Questioned Costs	
35	Status of Prior Year Findings	



# WIELKOTZ & COMPANY, LLC

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

To the Board of Trustees  
Boys and Girls Club of Clifton, Inc.  
Clifton, New Jersey

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the Boys and Girls Club of Clifton, Inc. (the "Club") a nonprofit organization, which comprise the statement of financial position as of as of September 30, 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. 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 Club of Clifton, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our 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 Club of Clifton, 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 Club of Clifton, 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 Club of Clifton, 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 Club of Clifton, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### *Other 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 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 May 25, 2023, on our consideration of the Boys and Girls Club of Clifton, 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,



Boys and Girls Club of Clifton, Inc.  
Page 4.

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 Club of Clifton, Inc.'s internal control over financial reporting and compliance.



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

May 25, 2023



**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**COMPARATIVE STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30,**

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,314,645	\$ 1,547,356
Deposits	81,971	72,923
Accounts Receivable	66,375	46,952
Grants Receivable	416,431	110,316
Contributions Receivable	54,022	1,000
Employee Tax Credits Receivable	371,605	669,167
Donated Property Receivable	-	390,000
Prepaid Expenses	19,048	30,032
Investments	2,876,026	2,389,130
	<u>5,200,123</u>	<u>5,256,876</u>
<b>Capital Assets:</b>		
Property and Equipment (Net Accumulated of Depreciation)	<u>3,986,098</u>	<u>4,262,389</u>
Total Assets	<u>\$ 9,186,221</u>	<u>\$ 9,519,265</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Expenses	\$ 213,308	\$ 279,398
Deferred Revenue	79,095	46,838
	<u>292,403</u>	<u>326,236</u>
Total Liabilities	<u>\$ 292,403</u>	<u>\$ 326,236</u>
<b>Net Assets:</b>		
Without Donor Restrictions		
Designated for Building Projects	702,039	298,183
Board Designated for Quasi-Endowment	2,217,549	2,154,520
Undesignated	5,974,230	6,740,326
	<u>8,893,818</u>	<u>9,193,029</u>
Total Net Assets	<u>\$ 8,893,818</u>	<u>\$ 9,193,029</u>
Total Liabilities and Net Assets	<u>\$ 9,186,221</u>	<u>\$ 9,519,265</u>

See accompanying notes to financial statements.

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**COMPARATIVE STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022**

	2022	2021
<b>Support and Revenues:</b>		
Contributions	\$ 596,563	985,255
Membership Dues and Program Fees	2,120,408	1,280,819
Gaming Activities (net of direct costs of \$1,659,210)	503,976	479,824
Special Events (net of direct costs of \$38,799)	89,333	26,822
Grant Revenue	1,833,102	386,210
Contract Revenue	1,723,860	2,075,830
PPP Loan Forgiveness		712,863
Investment Return (net unrealized losses of \$685,790)	(547,518)	453,930
Rental Income	84,830	51,975
Other Revenues	8,816	5,622
	6,413,370	6,459,150
<b>Functional Expenses:</b>		
Program Services:		
Prevention, Recreation, and Social Service	1,600,328	1,149,504
Early Child Care	1,123,594	739,567
Teen Services	317,655	240,194
After School Day Care	2,305,304	1,301,196
Total Program Services	5,346,881	3,430,461
Supporting Services:		
Management and General	766,625	498,281
Fundraising	599,075	474,067
Total Supporting Services	1,365,700	972,348
Total Functional Expenses	6,712,581	4,402,809
<b>Changes in Net Assets</b>	(299,211)	2,056,341
<b>Net Assets, October 1,</b>	\$ 9,193,029	6,991,559
<b>Prior-Period Adjustment:</b>		
Employee Tax Credits		145,129
<b>Net Assets, October 1, As Adjusted</b>	9,193,029	7,136,688
<b>Net Assets, September 30,</b>	\$ 8,893,818	9,193,029

See accompanying notes to financial statements.



**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30,**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ (299,211)	\$ 2,056,341
Adjustments to Reconcile Cash in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization Expense	368,954	373,558
Unrealized (Gain) loss on Investments	685,790	97,996
(Increase) Decrease in:		
Security Deposits	(9,048)	(2,521)
Accounts Receivable	(19,423)	33,031
Grants Receivable	(306,115)	(46,042)
Contributions Receivable	(53,022)	6,040
Employee Tax Credits Receivable	297,562	(524,038)
Donated Property Receivable	390,000	(390,000)
Prepaid Expenses	10,984	(9,942)
Increase (Decrease) Liabilities:		
Accounts Payable and Accrued Expenses	(66,090)	88,076
Deferred Revenue	32,257	(121,385)
Net Cash Provided (Used) by Operating Activities	<u>1,032,638</u>	<u>1,561,114</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Investments	(2,032,038)	(1,148,533)
Proceeds from Sales of Investments	859,352	492,626
Purchase of Property, Plant, and Equipment	(92,663)	(45,778)
Net Cash Provided (Used) by Investing Activities	<u>(1,265,349)</u>	<u>(701,685)</u>
<b>Cash Flows From Financing Activities:</b>		
Repayment of Note Payable	-	(487,902)
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(487,902)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(232,711)	371,527
<b>Cash and Cash Equivalents, Beginning of Year</b>	\$ <u>1,547,356</u>	\$ <u>1,175,829</u>
<b>Cash and Cash Equivalents, End of Year</b>	\$ <u><u>1,314,645</u></u>	\$ <u><u>1,547,356</u></u>
<b>Supplemental Disclosures of Cash Flows Information:</b>		
Interest Paid	\$ <u>-</u>	\$ <u>24,478</u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUB OF CLIFTON, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED SEPTEMBER 30, 2022

	PROGRAM SERVICES				SUPPORTING SERVICES				
	PREVENTION & SOCIAL SERVICES	EARLY CHILDCARE	TEEN SERVICES	AFTER SCHOOL DAY CARE	TOTAL PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	TOTAL EXPENSES
Salaries	682,556	808,530	211,712	1,450,964	3,153,762	366,171	361,028	727,199	3,880,961
Payroll Taxes	52,421	62,337	16,243	112,424	243,425	31,213	27,603	58,816	302,241
Payroll Benefits	54,399	97,730	39,249	146,056	337,434	76,310	31,933	108,243	445,677
Total Compensation	789,376	968,597	267,204	1,709,444	3,734,621	473,694	420,564	894,258	4,628,879
Professional Expense	7,914	607	-	4,238	12,759	94,007	25	94,032	106,791
Supplies	201,499	34,870	8,245	241,354	485,968	27,840	8,205	36,045	522,013
Telephone	14,585	450	897	10,598	26,530	1,452	-	1,452	27,982
Postage	206	-	-	3,719	3,925	240	1,286	1,526	5,451
Occupancy	373,184	48,677	16,333	111,325	549,519	19,595	59,216	78,811	628,330
Printing and Art Work	-	-	-	1,460	1,460	218	2,513	2,731	4,191
Transportation	397	-	-	60,362	60,759	-	-	-	60,759
Membership Dues	28,411	35	-	4,327	32,773	233	-	233	33,006
Conference, Subscriptions and Training	858	1,019	95	5,815	7,787	170	5,315	5,485	13,272
Administrative Expenses	7,460	7,150	1,867	38,778	55,255	76,491	5,781	82,272	137,527
Fundraising Expenses	-	-	-	-	-	-	14,374	14,374	14,374
Unrelated Business Tax Expense	-	-	-	-	-	50,072	-	50,072	50,072
Scholarships	-	31,175	-	26,901	58,076	-	-	-	58,076
Other Expenses	15,708	-	-	325	16,033	-	36,871	36,871	52,904
Total Expenses Before Depreciation and Amortization	1,439,598	1,092,580	294,641	2,218,646	5,045,465	744,012	554,150	1,298,162	6,343,627
Disposals, Depreciation and Amortization	160,730	31,014	23,014	86,658	301,416	22,613	44,925	67,538	368,954
Total Expenses	1,600,328	1,123,594	317,655	2,305,304	5,346,881	766,625	599,075	1,365,700	6,712,581

See accompanying notes to financial statements.

BOYS AND GIRLS CLUB OF CLIFTON, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED SEPTEMBER 30, 2021

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL EXPENSES	
	PREVENTION RECREATION & SOCIAL SERVICES	EARLY CHILDCARE	TEEN SERVICES	AFTER SCHOOL DAY CARE	TOTAL PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING		TOTAL SUPPORTING SERVICES
Salaries	442,912	493,949	138,128	691,607	1,766,596	205,676	203,453	409,129	2,175,725
Payroll Taxes	42,013	46,907	10,873	69,553	169,346	26,567	14,912	41,479	210,825
Payroll Benefits	30,987	84,763	26,516	121,717	263,983	63,591	45,104	108,695	372,678
Total Compensation	515,912	625,619	175,517	882,877	2,199,925	295,834	263,469	559,303	2,759,228
Professional Expense	1,996	240	495	1,152	3,883	70,429	53	70,482	74,365
Supplies	130,607	27,618	24,333	142,627	325,185	14,557	9,406	23,963	349,148
Telephone	11,651	300	512	9,421	21,884	2,137	300	2,437	24,321
Postage	180	-	-	4,146	4,326	474	-	474	4,800
Occupancy	297,719	43,304	14,291	92,743	448,057	16,677	58,169	74,846	522,903
Interest Expense	-	-	-	-	-	24,478	-	24,478	24,478
Printing and Art Work	-	-	-	-	-	-	3,460	3,460	3,460
Transportation	130	-	-	30,766	30,896	-	-	-	30,896
Membership Dues	12,265	2,992	840	13,729	29,826	887	3,331	4,218	34,044
Conference, Subscriptions and Training	405	1,917	138	1,198	3,658	-	4,914	4,914	8,572
Administrative Expenses	13,075	2,901	767	19,127	35,870	49,913	8,352	58,265	94,135
Fundraising Expenses	-	-	-	599	599	-	23,051	23,051	23,650
Unrelated Business Tax Expense	-	-	-	-	-	-	54,077	54,077	54,077
Scholarships	2,828	3,275	-	15,071	21,174	-	-	-	21,174
Total Expenses Before Depreciation and Amortization	986,768	708,166	216,893	1,213,456	3,125,283	475,386	428,582	903,968	4,029,251
Disposals, Depreciation and Amortization	162,736	31,401	23,301	87,740	305,178	22,895	45,485	68,380	373,558
Total Expenses	1,149,504	739,567	240,194	1,301,196	3,430,461	498,281	474,067	972,348	4,402,809

See accompanying notes to financial statements.

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

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

This summary of significant accounting policies of the Boys and Girls Club of Clifton (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 providing children of all backgrounds with a safe, fun place to develop skills and qualities essential to their growth as productive, well adjusted citizens through 5 core areas: education and career development; character and leadership, development; health and life skills; the arts; sports, fitness and recreation.

**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 CLUB OF CLIFTON, INC.  
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)  
FOR THE YEARS ENDED SEPTEMBER 30, 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 no donor restricted net assets at September 30, 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 \$2,919,588 and \$2,452,703 in board designated net assets at September 30, 2022 and 2021, respectively. The Club had the following board designated net assets at September 30, 2022:

Building Projects	\$702,039
Quasi-Endowment	<u>2,217,549</u>
	<u>\$2,919,588</u>

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 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 \$5,974,230 and \$6,740,326 in undesignated net assets at September 30, 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 CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

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

**Basis of Presentation, (continued)**

**Revenue Recognition**

On July, 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.

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 September 30, 2022, the Club has identified instant games, pull tabs, and specific rental activities as unrelated business income under FASB Interpretation No. 48.

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

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

**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. Accordingly, actual results could differ from those estimates.

**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 use up to a maximum of 40 hours a year with no limit on hours an employee can accrue. 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 represent amounts due from child care service contracts with 4Cs of Passaic County. 4Cs of Passaic County fully reimburses the Organization on a biweekly basis. The Club had \$66,375 and \$46,952 in accounts receivable at September 30, 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. The Club had \$371,605 and \$669,167 in ERTC receivable at September 30, 2022 and 2021, respectively.

**Donated Property Receivable**

The Club was beneficiary in a bequeath, which left a personal residence to the Club. The value of the property was appraised at \$390,000. In May 2022, the Club sold the property.



**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

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

**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.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Club to concentrations of credit risk consist principally of cash and accounts receivable. The Club maintains its cash in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high quality financial institutions and the State of New Jersey Cash Management Account.

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following represents the Club's financial assets at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$1,314,645	\$1,547,356
Investments	2,876,026	2,389,130
Deposits	81,971	72,923
Accounts receivable	66,375	46,952
Grants receivable	416,431	110,316
Contributions receivable	54,022	1,000
Employee tax receivable	371,605	669,167
Donated Property Receivable		390,000
Prepaid expenses	<u>19,048</u>	<u>30,032</u>
Total financial assets	<u>\$5,200,123</u>	<u>\$5,256,876</u>
Less amounts not available for general expenditures within one year due to board designation:		
Board designations		
Capital Reserve	702,039	298,183
Quasi endowment	<u>2,217,549</u>	<u>2,154,520</u>
	<u>2,919,588</u>	<u>2,452,703</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$2,280,535</u>	<u>\$2,804,173</u>

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**NOTE 2 – AVAILABILITY AND LIQUIDITY (continued)**

The Club's goal is to maintain 90 days of operating expenses (approximately \$1,340,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The following comprises cash and cash equivalents at September 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Non-interest bearing accounts	689,069	\$777,434
Interest bearing accounts	624,176	768,522
Petty Cash	<u>1,400</u>	<u>1,400</u>
	<u>\$1,314,645</u>	<u>\$1,547,356</u>

**NOTE 4 – INVESTMENTS**

Investments as of September 30, 2022 and 2021 are reported at fair value and summarized as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual Funds	1,518,233	1,179,711	\$1,043,395	\$1,160,022
Stock	7	134	45,311	72,277
ETFs	666,365	723,151	345,382	504,941
Money Market	600,926	562,034	200,918	200,918
Fixed and Variable Annuity	408,629	388,838	408,630	450,972
Cash	<u>22,158</u>	<u>22,158</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,216,318</u>	<u>\$2,876,026</u>	<u>\$2,043,636</u>	<u>\$2,389,130</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Dividends and Interest	\$32,570	\$56,121
Realized Gain/ (Loss)	105,702	495,806
Unrealized Gain/(Loss)	<u>(685,790)</u>	<u>(97,996)</u>
Total Investment Return	<u>(\$547,518)</u>	<u>\$453,931</u>

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**NOTE 5 – FAIR VALUE MEASUREMENTS**

The Club reports its fair value measurements using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels as of the fair value hierarchy under GAAP are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 – Prices in valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, inputs supported by little or no market activity)

*[THIS AREA INTENTIONALLY LEFT BLANK]*

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**NOTE 5 – FAIR VALUE MEASUREMENTS, (continued)**

Fair value of assets measured at September 30, 2022 are as follows:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
<u>Recurring fair value measurements</u>				
Cash	\$22,158	\$22,158		
Money Market Funds:	562,034	562,034		
Equity Securities:				
Communication Sector				
Energy Sector	122	122		
Financial Sector	4	4		
Healthcare Sector	<u>8</u>	<u>8</u>		
Total	<u>134</u>	<u>134</u>		
Exchange Traded Funds:				
Equity	703,256	703,256		
Fixed Income	<u>19,895</u>	<u>19,895</u>		
Total	<u>723,151</u>	<u>723,151</u>		
Mutual Funds:				
Equity Funds				
Large Cap - Domestic	188,932	188,932		
Small Cap - Domestic	128,271	128,271		
Mid Cap - Domestic	146,587	146,587		
Mixed Allocation - International	<u>372,310</u>	<u>372,310</u>		
Total	<u>836,100</u>	<u>836,100</u>		
Bond Funds:				
Fixed Income	<u>343,611</u>	<u>343,611</u>		
Total	<u>343,611</u>	<u>343,611</u>		
Fixed and Variable Deferred Annuity:	<u>388,838</u>			<u>388,838</u>
 Total Assets, at Fair Value	 <u>\$2,876,026</u>	 <u>\$2,487,188</u>	 <u>\$</u>	 <u>\$388,838</u>

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**NOTE 5 – FAIR VALUE MEASUREMENTS, (continued)**

Fair value of assets measured at September 30, 2021 are as follows:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Recurring fair value measurements</u>				
Money Market Funds	\$200,918	\$200,918	\$	\$
Equity Securities:				
Communication Sector	141	141		
Financial Sector	71,502	71,502		
Healthcare Sector	<u>776</u>	<u>776</u>		
Total	<u>72,419</u>	<u>72,419</u>		
Exchange Traded Funds:				
Equity	369,562	369,562		
Fixed Income	73,415	73,415		
Technology	<u>7,077</u>	<u>7,077</u>		
Total	<u>450,054</u>	<u>450,054</u>		
Mutual Funds:				
Equity Funds				
Large Cap - Domestic	266,557	266,557		
Small Cap - Domestic	209,568	209,568		
Mid Cap - Domestic	206,510	206,510		
Mixed Allocation - International	<u>532,132</u>	<u>532,132</u>		
Total	<u>1,214,767</u>	<u>1,214,767</u>		
Fixed and Variable Deferred Annuity	<u>450,972</u>			<u>450,972</u>
Total Assets, At Fair Value	<u>\$2,389,130</u>	<u>\$1,938,158</u>	<u>\$</u>	<u>\$450,972</u>

The following table sets forth a summary of changes in fair market value of the deferred annuity, which is a Level 3 asset, for the years ended September 30, 2022 and 2021:

	<u>Level 3</u>	
	<u>2022</u>	<u>2021</u>
Fair Value at Beginning of Fiscal Year	\$450,972	\$419,315
Requested Withdrawals		
Interest Credited		5,310
Unrealized Gain (Loss)	<u>(62,134)</u>	<u>26,347</u>
Total Fair Value at End of Fiscal Year	<u>\$388,838</u>	<u>\$450,972</u>

**BOYS AND GIRLS CLUB OF CLIFTON, INC.  
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**NOTE 5 – FAIR VALUE MEASUREMENTS, (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value: Equity securities, exchange traded funds, mutual funds and publicly traded real estate investment trust: valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets (Level 1).

Fixed and variable deferred annuity: the annuity is reported at contract value. Contract value represents all allocations, transfers, contributions, accumulated interest to date, less withdrawals, adjustments for excess withdrawals, and administrative expenses, which is then adjusted to fair value by discounting the related cash flows based on interest rates of similar contacts with comparable duration.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Club believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date (Level 3).

**NOTE 6 – LAND, BUILDINGS AND EQUIPMENT**

A summary of land, buildings and equipment at September 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$1,439,364	\$1,439,364
Buildings and Improvements	7,992,392	7,917,085
Equipment	<u>925,630</u>	<u>964,822</u>
Total	<u>10,357,386</u>	<u>10,321,271</u>
Less: Accumulated Depreciation	<u>(6,371,288)</u>	<u>(6,058,882)</u>
Total	<u>\$3,986,098</u>	<u>\$4,262,389</u>

Depreciation expense for the year ended September 30, 2022 and 2021 amounted to \$368,954 and \$373,558, respectively. The Club had \$92,663 and \$45,773 in fixed asset additions during the years ended September 30, 2022 and 2021, respectively.

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**NOTE 7 – LINE OF CREDIT:**

In 2021, The Club received a \$200,000 line of credit, with an annual interest rate of 3.250%. As of September 30, 2021, the Club has a balance of \$-0-, and has paid interest of \$-0-. In 2022, the Club closed the line of credit.

**NOTE 8 – SUMMARY OF GRANTS AND CONTRACTS**

The Club received funding from the following grants and contracts:

<u>Funding Source</u>	<u>2022</u>	<u>2021</u>
Clifton Community Development		
Child Care Programs	\$41,251	\$32,698
Clifton Community Development		
City of Clifton CDBG-CV	66,287	50,631
Clifton Alliance	3,984	-
City of Clifton	9,100	-
SBA-Payroll Protection Program	-	712,863
Passaic County- Community Coordinated Child Care	1,723,860	1,827,165
State of New Jersey - NJ Workforce Registry	-	248,666
NJ Stabilization Grants	1,370,000	54,974
New Jersey Retention Grant	93,000	
Boys and Girls Club of America- Juvenile Justice	47,528	17,673
Boys and Girls Club of America- Culture of Wellness	-	7,524
Boys and Girls Club of America - 2021 IDM	2,246	-
Passaic County - CDBG-CV Program		32,518
21 <sup>st</sup> Century Grant	97,433	97,433
New Jersey Alliance- Department of Community Affairs	60,816	34,313
Boys and Girls Clubs in NJ- NJ Pandemic Relief Fund	-	40,600
Boys and Girls Clubs in NJ- NJ Tutoring Corp- TCNJ	11,000	5,000
Boys and Girls Clubs in NJ- Larry Luing Foundation	2,500	2,500
Boys and Girls Clubs in NJ- NJ Department of Education	18,330	894
Boys and Girls Clubs in- NJ- PNC Bank	2,813	7,500
Boys & Girls Clubs in NJ - Wells Fargo Bank	5,000	-
Other	1,814	1,951
	<u>1,814</u>	<u>1,951</u>
 Total grants and contracts	 <u>\$3,556,962</u>	 <u>\$3,174,903</u>

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**NOTE 9 – 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 September 30, 2022 and 2021 amounted to \$84,830 and \$51,975, respectively.

**NOTE 10 – 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 four percent of the participants' salary. Participants have the option of making additional contributions to the plan. The annual plan contributions made by the Club for the years ended September 30, 2022 and 2021 amounted to \$82,997 and \$66,492, respectively.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

The Club has one employee who is family-related to a board member. In the years ended September 30, 2022 and 2021, the employees' compensation amounted to \$94,883 and \$89,901, respectively.

The Club is a member of the Boys and Girls Club of America and Boys and Girls Club of New Jersey. Both affiliates provide pass-through grants to the Club. In the fiscal years ended September 30, 2022 and 2021, the Club received grants totaling \$123,802 and \$116,004.

**NOTE 12 – OTHER MATTERS**

Unrelated Business Income Tax (UBIT)

In 2021, the Club received notice from the Internal Revenue Service that certain fundraising events held by the Club are taxable as UBIT. As of September 30, 2022, the Club has \$50,072 of expenses in relation to UBIT.



**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**NOTE 13 – SUBSEQUENT EVENTS**

On May 18, 2023, the Club settled a decades old allegation of child abuse for \$150,000 with the Boys and Girls Clubs of America contributing 10%, or \$15,000. The Boys and Girls Club of Clifton is responsible for payment of the balance of the settlement or \$135,000

The Club has evaluated subsequent events through May 25, 2023, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**COMPARATIVE STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30 2022**

	<u>Current Funds</u>	<u>Endowment &amp; Similar Funds</u>	<u>Plant Funds</u>	<u>Total Funds</u>
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	1,268,012	3,071	43,562	1,314,645
Other Current Assets	<u>1,009,452</u>	<u>2,217,549</u>	<u>658,477</u>	<u>3,885,478</u>
Total Current Assets	2,277,464	2,220,620	702,039	5,200,123
Other Assets:				
Net Property, Plant, and Equipment			3,986,098	3,986,098
Total Assets	<u>2,277,464</u>	<u>2,220,620</u>	<u>4,688,137</u>	<u>9,186,221</u>
<b>LIABILITIES AND NET ASSETS:</b>				
Liabilities:				
Other Liabilities	292,403			292,403
Total Liabilities	<u>292,403</u>	-	-	<u>292,403</u>
Net Assets:				
Undesignated	1,985,061	3,071	3,986,098	5,974,230
Board Designated for Quasi-Endowment		2,217,549		2,217,549
Designated for Building Project			702,039	702,039
Total Net Assets	<u>1,985,061</u>	<u>2,220,620</u>	<u>4,688,137</u>	<u>8,893,818</u>
Total Liabilities and Net Assets	<u>2,277,464</u>	<u>2,220,620</u>	<u>4,688,137</u>	<u>9,186,221</u>

**BOYS AND GIRLS CLUB OF CLIFTON, INC.**  
**COMPARATIVE STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30 2021**

	<u>Current Funds</u>	<u>Endowment &amp; Similar Funds</u>	<u>Plant Funds</u>	<u>Total Funds</u>
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	1,346,063	137,720	63,573	1,547,356
Other Current Assets	1,320,390	2,154,520	234,610	3,709,520
Total Current Assets	<u>2,666,453</u>	<u>2,292,240</u>	<u>298,183</u>	<u>5,256,876</u>
Other Assets:				
Net Property, Plant, and Equipment			4,262,389	4,262,389
Total Assets	<u>2,666,453</u>	<u>2,292,240</u>	<u>4,560,572</u>	<u>9,519,265</u>
<b>LIABILITIES AND NET ASSETS:</b>				
Liabilities:				
Other Liabilities	326,236			326,236
Total Liabilities	<u>326,236</u>	-	-	<u>326,236</u>
Net Assets:				
Undesignated	2,340,217	137,720	4,262,389	6,740,326
Board Designated for Quasi-Endowment		2,154,520		2,154,520
Designated for Building Project			298,183	298,183
Total Net Assets	<u>2,340,217</u>	<u>2,292,240</u>	<u>4,560,572</u>	<u>9,193,029</u>
Total Liabilities and Net Assets	<u>2,666,453</u>	<u>2,292,240</u>	<u>4,560,572</u>	<u>9,519,265</u>



# 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 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 Club of Clifton, Inc.  
Clifton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of American 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 Club of Clifton, Inc. (the "Club"), a nonprofit organization, which comprise the statements of financial position as of September 30, 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 May 25, 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 Club of Clifton, 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 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

May 25, 2023





**WIELKOTZ & COMPANY** LLC  
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 Trustees  
Boys and Girls Club of Clifton, Inc.  
Clifton, New Jersey

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

**Opinion on Each Major Federal Program**

We have audited the Boys and Girls Club of Clifton, 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 Club of Clifton, Inc.'s major federal programs for the year ended September 30, 2022. Boys and Girls Club of Clifton, 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 Club of Clifton, 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 September 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 and Girls Club of Clifton, 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 Club of Clifton, 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 Club of Clifton, 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 Clifton, 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 Club of Clifton, 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 Club of Clifton, 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 Club of Clifton, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance

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

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


### **Report on Internal Control over Compliance**

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

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

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

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

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

May 25, 2023





**BOYS AND GIRLS CLUB OF CLIFTON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED SEPTEMBER 30, 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 Education Stabilization Fund</i>	84.425	n/a	1,370,000	980,000	9/1/21	8/31/23	1,260,376	1,260,376
<b>Total U.S. Department of Education</b>				980,000			1,260,376	1,260,376
<b>U.S. Department of Housing and Urban Development</b>								
<i>Passed Through City of Clifton Community Development Block Grant</i>	14.228	n/a	66,287	66,287	9/1/21	8/31/22	66,287	66,287
<b>Total U.S. Department of Education</b>				66,287			66,287	66,287
<b>U.S. Department of Justice</b>								
<i>Passed Through Boys and Girls Club of America Juvenile Mentoring Program</i>	16.726	n/a	21,097	21,097	1/1/21	12/31/21	21,097	21,097
<i>Juvenile Mentoring Program</i>	16.726	n/a	26,431	26,431	2/7/22	12/31/22	26,431	26,431
<b>Total U.S. Department of Justice</b>				21,097			47,528	47,528
<b>Total Federal Financial Awards</b>				1,067,384			1,374,191	1,374,191

**Boys and Girls Club of Clifton, Inc.**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**September 30, 2022**

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is 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>
Balance - 9/30/21	\$110,316
Grants Awarded	1,483,815
Funds Received	<u>(1,177,700)</u>
Balance - 9/30/22	<u>\$416,431</u>

**NOTE 4. INDIRECT COST RATE**

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

**BOYS AND GIRLS CLUB OF CLIFTON, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted?        yes   X   no

**Federal Awards**

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425</u>	<u>Education Stabilization Fund</u>
<u>      </u>	<u>      </u>
<u>      </u>	<u>      </u>
<u>      </u>	<u>      </u>

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

Auditee qualified as low-risk audited?        yes   X   no

**BOYS AND GIRLS CLUB OF CLIFTON, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 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 CLUB OF CLIFTON, INC.  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**Status of Prior Year Findings**

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

**Acknowledgment**

We wish to thank the Boys and Girls Club of Clifton, Inc. for their cooperation during the performance of our audit.

Respectfully submitted,



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