

**BOYS & GIRLS CLUB OF  
SOUTH SAN LUIS OBISPO COUNTY**

FINANCIAL STATEMENTS  
December 31, 2023

**BOYS & GIRLS CLUB OF SOUTH SAN LUIS OBISPO COUNTY**  
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December 31, 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Boys & Girls Club of South San Luis Obispo County  
Oceano, California

### Opinion

We have audited the accompanying financial statements of the Boys & Girls Clubs of South San Luis Obispo County (a non-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year 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 the Boys & Girls Clubs of South San Luis Obispo County as of December 31, 2023, 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. 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 & Girls Clubs of South San Luis Obispo County 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 the Boys & Girls Clubs of South San Luis Obispo County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Clubs of South San Luis Obispo County'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 South San Luis Obispo County'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.

*Moss, Leny & Hartzheim LLP*

Santa Maria, California  
April 25, 2024

**BOYS & GIRLS CLUB OF SOUTH SAN LUIS OBISPO COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2023

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 634,022
Investment held with life insurance policy	18,397
Accounts receivable	49,348
Prepaid expense	1,574
Deposits with other	9,432
Total current assets	<u>712,773</u>

Fixed Assets:

Land, buildings, vehicles, and equipment	260,110
Less accumulated depreciation	(86,641)
Total fixed assets	<u>173,469</u>

Total assets	<u><u>\$ 886,242</u></u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable	\$ 3,006
Accrued payroll	33,891
Compensated absences	8,132
Total current liabilities	<u>45,029</u>

Total liabilities	<u>45,029</u>
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Net Assets:

With donor restrictions	18,300
Without donor restrictions	<u>822,913</u>

Total net assets	<u>841,213</u>
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Total liabilities and net assets	<u><u>\$ 886,242</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

**BOYS & GIRLS CLUB OF SOUTH SAN LUIS OBISPO COUNTY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support			
Program Revenues:			
Grants	\$ 1,053,436	\$ 18,300	\$ 1,071,736
Special events and fundraising	44,324		44,324
Donations	113,422		113,422
Contributions in-kind	33,531		33,531
Registration fees	97,832		97,832
Total program revenues	<u>1,342,545</u>	<u>18,300</u>	<u>1,360,845</u>
Other Revenues and Gains:			
Miscellaneous revenue	7,028		7,028
Forgiveness of note payable	105,000		105,000
Net releases from restrictions:			
Satisfaction of program restrictions	3,000	(3,000)	
Total other revenues and gains	<u>115,028</u>	<u>(3,000)</u>	<u>112,028</u>
Total revenues, gains, and other support	<u>1,457,573</u>	<u>15,300</u>	<u>1,472,873</u>
Expenses:			
Program services:			
Program expenses	819,698		819,698
Support services			
Fundraising	11,969		11,969
Administration	337,909		337,909
Total expenses	<u>1,169,576</u>		<u>1,169,576</u>
Changes in net assets	287,997	15,300	303,297
Net assets, beginning of year	<u>534,916</u>	<u>3,000</u>	<u>537,916</u>
Net assets, end of year	<u>\$ 822,913</u>	<u>\$ 18,300</u>	<u>\$ 841,213</u>

The accompanying notes to the financial statements are an integral part of this statement.

**BOYS & GIRLS CLUB OF SOUTH SAN LUIS OBISPO COUNTY****STATEMENT OF CASH FLOWS**For the Year Ended December 31, 2023

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## Cash flows from operating activities:

Cash inflows for operations:	
Contributions	\$ 113,422
Grants	1,111,607
Registration fees	97,832
Special events and fundraising	44,324
Other cash receipts	7,028
Cash outflows for operations:	
Payments for salaries, benefits, and payroll taxes	(980,270)
Payments to vendors	<u>(139,610)</u>
Net cash provided by operating activities	<u>254,333</u>
Cash Flows from Financing Activities:	
Transfer to life insurance policy	<u>(1,800)</u>
Net cash provided by financing activities	<u>(1,800)</u>
Net increase in cash and cash equivalents	252,533
Cash and cash equivalents, January 1, 2023	<u>381,489</u>
Cash and cash equivalents, at December 31, 2023	<u><u>\$ 634,022</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**BOYS & GIRLS CLUB OF SOUTH SAN LUIS OBISPO COUNTY**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2023

	Program	Support Services		Total
		Fundraising	Administration	
Salaries	\$ 616,235	\$ -	\$ 264,100	\$ 880,335
Payroll taxes	51,921		22,252	74,173
Workers' compensation	13,948		5,978	19,926
Employee benefits	13,847		5,935	19,782
Payroll service expense	20,504		8,788	29,292
Employee screening	2,162		926	3,088
Fundraising		11,681		11,681
Bank service charges		288	2,596	2,884
Dues and subscriptions	8,425			8,425
Licenses and permits	313			313
Legal and accounting	14,193		6,083	20,276
Advertising	905			905
Insurance	7,888		3,380	11,268
Program supplies	3,234			3,234
Field trips	3,413			3,413
Travel	29		13	42
Training and meeting	3,851		1,650	5,501
Technical support	6,781		2,906	9,687
Telephone and communication	7,426		3,182	10,608
Occupancy costs	3,107		1,332	4,439
Uniforms	3,500			3,500
Office expense	1,131		484	1,615
Other			5,067	5,067
Total functional expenses before other expenses	782,813	11,969	334,672	1,129,454
Contributions in-kind	33,531			33,531
Interest expense			1,800	1,800
Depreciation expense	3,354		1,437	4,791
Total functional expenses	<u>\$ 819,698</u>	<u>\$ 11,969</u>	<u>\$ 337,909</u>	<u>\$ 1,169,576</u>
Percent of total expenses	<u>70.1%</u>	<u>1.0%</u>	<u>28.9%</u>	<u>100.0%</u>

The accompanying notes to the financial statements are an integral part of this statement.



# BOYS & GIRLS CLUB OF SOUTH SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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### NOTE 1 – HISTORY AND ORGANIZATION

Boys and Girls Club of South San Luis Obispo County is a non-profit, non-stock corporation, organized under the laws of the State of California. The Organization's purpose is to foster and promote the physical, social, educational, vocational and character development of boys and girls living in or near the area of the Five Cities and San Luis Obispo County of California.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Accounting

The Organization uses the accrual basis of accounting. This policy conforms with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA).

#### B. Basis of Presentation

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### C. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### D. Cash Equivalents

Cash and cash equivalents include all liquid investments including money market accounts and certificates of deposit.

#### E. Fixed Assets

Property and equipment are recorded at cost. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the useful life of the related asset.

#### F. Investments

Investments are carried at fair value.

#### G. Income Taxes

The Organization is a not-for-profit corporation exempt from federal taxes, under IRS code section 501 (c)(3), and state taxes, under California code section 23701d.

# BOYS & GIRLS CLUB OF SOUTH SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### H. Uncertainty in Income Taxes

Effective July 1, 2009, the Boys & Girls Club of South San Luis Obispo County implemented the new accounting requirements associated with uncertainty in incomes taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examinations by the tax authorities. It also provides guidance for de-recognition, reclassification, interest and penalties, accounting in interim periods, disclosure and transition.

As of December 31, 2023, the Boys & Girls Club of South San Luis Obispo County had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

With few exceptions, the Boys & Girls Club of South San Luis Obispo County is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before January 1, 2019.

#### I. Special Events

The Organization conducts special events to raise funds used to support its program operations. All events are conducted in accordance with applicable federal, state, and local laws and ordinances. All revenues received from such events in excess of expenses are used for the current program operations.

#### J. Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

### NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limited their use, within one year of December 31, 2023 are:

#### Financial Assets:

Cash	\$ 634,022
Investment held with life insurance policy	18,397
Accounts receivable	<u>49,348</u>
Total financial assets	701,767

#### Less financial assets held to meet donor imposed restrictions:

Grant, which is released on a monthly basis	<u>(18,300)</u>
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Amount available for general expenditures within one year	<u>\$ 683,467</u>
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The table above reflect donor imposed restricted funds as unavailable because the funds can be only spent by the Organization over a specific period of time. See Note 5 – Net Assets with Donor Restrictions for activity for the year.

# BOYS & GIRLS CLUB OF SOUTH SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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### NOTE 4 – CASH

Cash is held in separate bank accounts. All cash deposits are insured by the federal government at December 31, 2023. Cash consisted of the following at December 31, 2023:

Cash in banks	\$	633,522
Petty cash		<u>500</u>
	\$	<u>634,022</u>

### NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2023, net assets with donor restrictions are available for the following purposes or periods:

Program restrictions:

Contributions which are released for future programs	\$	<u>18,300</u>
Total net assets with donor restrictions	\$	<u>18,300</u>

### NOTE 6 – LAND, BUILDINGS, VEHICLES, AND EQUIPMENT

Purchased fixed assets are recorded at historical cost. Donated fixed assets are valued at cost, if known, or at estimated fair value at the time of donation.

Fixed Assets at December 31, 2023, consist of the following:

	Balance			Balance
	January 1, 2023	Additions	Deletions	December 31, 2023
Land	\$ 108,211	\$ -	\$ -	\$ 108,211
Clubhouse	131,351			131,351
Equipment	<u>20,548</u>			<u>20,548</u>
Total fixed assets	<u>260,110</u>	<u>-</u>	<u>-</u>	<u>260,110</u>
Less: accumulated depreciation				
Clubhouse	66,406	3,259		69,665
Equipment	<u>15,444</u>	<u>1,532</u>		<u>16,976</u>
Total accumulated depreciation	<u>81,850</u>	<u>4,791</u>	<u>-</u>	<u>86,641</u>
Total net book value	<u>\$ 178,260</u>	<u>\$ (4,791)</u>	<u>\$ -</u>	<u>\$ 173,469</u>

# BOYS & GIRLS CLUB OF SOUTH SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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### NOTE 7 – NOTES PAYABLE

The Organization's has a note payable dated March 11, 2003, due to the County of San Luis Obispo, for the purchase of a recreation facility to be used by the youth of low- and moderate-income families. Interest will not accrue, and no payments are due during the 20 year period the property shall be used as a recreation facility. The note shall become immediately due and payable to the County upon failure to perform all covenants set out in the Boys and Girls of South San Luis Obispo County use agreement. At the end of the 20 year period the debt will be forgiven. In 2023, the note was forgiven in full.

### NOTE 8 – DONATION OF MATERIALS AND SERVICES

Boys and Girls Club of South San Luis Obispo County receive donations of time and services from members of the community and volunteers. The value of these donations is not reflected in the accompanying financial statements since no objective basis is available to measure the value of these services. In-kind donations of fixed assets and supplies used directly by the Organization are valued at their appraised values at the time of the receipt.

### NOTE 9 – CONCENTRATIONS OF RISK

A significant amount of the Organization's contributions received are from surrounding businesses and private communities generated from various fundraisers and pledge drives.

The Organization maintains its cash in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

### NOTE 10 – CONTINGENCIES

The Organization has received funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

According to the Organization's staff and attorney, no contingent liabilities are outstanding, and no lawsuits are pending of any real financial consequence.

### NOTE 11 – CONTRIBUTIONS IN-KIND

Contributions in-kind for the year ended December 31, 2023, are as follows:

Program supplies	\$ 33,531
Total contributions in-kind income	<u>\$ 33,531</u>

### NOTE 12 – SUBSEQUENT EVENTS

Subsequent events were evaluated through April 25, 2024, which was the date the financial statements were available to be issued. No significant events were noted.