

Boys & Girls Clubs of Topeka

**Financial Statements
As of December 31, 2023 and 2022
and For the Years Then Ended**

With Report by Independent Auditor



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Clubs of Topeka

I have audited the accompanying financial statements of Boys & Girls Clubs of Topeka (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, 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

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Organization'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

My 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 my 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*, I:

- 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 Organization'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



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Supplementary Information

My 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 my opinion, the schedule of expenditures of federal awards 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*, I have also issued my report dated September 11, 2024, on my consideration of the Organization's internal control over financial reporting and on my 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 my 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Shiplely CPA, LLC

Shiplely CPA, LLC
Topeka, Kansas
September 11, 2024

**Boys & Girls Clubs of Topeka
Topeka, Kansas
Statements of Financial Position
December 31,**

ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 2,847,185	\$ 2,384,384
Grants receivable	488,755	174,128
Prepaid expenses	115,779	152,733
Total Current Assets	3,451,719	2,711,245
 Property and Equipment		
Land, property and equipment, at cost, net	1,581,090	809,151
 Other Assets		
Beneficial interest in perpetual trusts	6,613,194	6,270,620
 Total Assets	\$ 11,646,003	\$ 9,791,016

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities		
Accounts payable	\$ 72,151	\$ 128,651
Accrued payroll	69,660	64,194
Accrued compensated absences	30,721	33,271
Refundable advances	624,533	240,263
Other current liabilities	124	26,248
Total Current Liabilities	797,189	492,627
 Net Assets		
Without donor restrictions	4,235,620	3,027,769
With donor restrictions	6,613,194	6,270,620
Total Net Assets	10,848,814	9,298,389
 Total Liabilities and Net Assets	\$ 11,646,003	\$ 9,791,016

**Boys & Girls Clubs of Topeka
Topeka, Kansas
Statements of Activities
For the Years Ended December 31,**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 1,086,233	\$ -	\$ 1,086,233	\$ 638,826	\$ -	\$ 638,826
Grants	2,499,670	-	2,499,670	2,666,251	-	2,666,251
Change in value of beneficial interest in perpetual trusts	-	342,574	342,574	-	(1,112,194)	(1,112,194)
Investment income	-	-	-	-	-	-
Membership dues	874,095	-	874,095	785,114	-	785,114
In-kind goods and services	29,537	-	29,537	13,078	-	13,078
Miscellaneous	2,597	-	2,597	2,582	-	2,582
Total Support and Revenue	<u>4,492,132</u>	<u>342,574</u>	<u>4,834,706</u>	<u>4,105,851</u>	<u>(1,112,194)</u>	<u>2,993,657</u>
Expenses						
Program services	2,324,592	-	2,324,592	2,088,627	-	2,088,627
Management and general	802,214	-	802,214	1,069,538	-	1,069,538
Fundraising	157,475	-	157,475	168,463	-	168,463
Total Expenses	<u>3,284,281</u>	<u>-</u>	<u>3,284,281</u>	<u>3,326,628</u>	<u>-</u>	<u>3,326,628</u>
Change in Net Assets	1,207,851	342,574	1,550,425	779,223	(1,112,194)	(332,971)
Net Assets, Beginning of Year	<u>3,027,769</u>	<u>6,270,620</u>	<u>9,298,389</u>	<u>2,248,546</u>	<u>7,382,814</u>	<u>9,631,360</u>
Net Assets, End of Year	<u>\$ 4,235,620</u>	<u>\$ 6,613,194</u>	<u>\$ 10,848,814</u>	<u>\$ 3,027,769</u>	<u>\$ 6,270,620</u>	<u>\$ 9,298,389</u>

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

**Boys & Girls Clubs of Topeka
Topeka, Kansas
Statement of Functional Expenses
For the Year Ended December 31, 2023**

Expenses	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 1,668,583	\$ 487,753	\$ 127,085	\$ 2,283,421
Professional fees and contract services	194,039	134,015	2,992	331,046
Program expense	182,094	24,353	1,481	207,928
Building and grounds	136,252	61,636	2,575	200,463
Insurance	-	56,423	-	56,423
Local transportation	32,797	23,834	2,950	59,581
Conferences	18,664	4,151	1,491	24,306
Equipment maintenance	-	374	-	374
Marketing	218	938	15,470	16,626
Depreciation	70,224	8,254	2,936	81,414
Miscellaneous	21,721	483	495	22,699
Total Expenses	\$ 2,324,592	\$ 802,214	\$ 157,475	\$ 3,284,281

**Boys & Girls Clubs of Topeka
Topeka, Kansas
Statement of Functional Expenses
For the Year Ended December 31, 2022**

Expenses	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 1,347,338	\$ 598,499	\$ 143,205	\$ 2,089,042
Professional fees and contract services	204,749	207,892	5,000	417,641
Program expense	175,373	24,008	289	199,670
Building and grounds	200,293	51,295	222	251,810
Insurance	4,444	56,250	-	60,694
Local transportation	13,045	26,721	251	40,017
Conferences	4,712	490	900	6,102
Equipment maintenance	127,261	-	184	127,445
Marketing	871	6,255	17,203	24,329
Depreciation	-	53,745	-	53,745
Miscellaneous	10,541	44,383	1,209	56,133
Total Expenses	\$ 2,088,627	\$ 1,069,538	\$ 168,463	\$ 3,326,628

**Boys & Girls Clubs of Topeka
Topeka, Kansas
Statements of Cash Flows
For the Years Ended December 31,**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,550,425	\$ (332,971)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	81,414	53,745
Change in beneficial interest in perpetual trusts	(342,574)	1,112,194
Changes in assets and liabilities:		
Grants receivable	(314,627)	114,576
Prepaid expenses	36,954	(34,291)
Accounts payable	(56,500)	63,122
Accrued payroll	5,466	(16,431)
Accrued compensated absences	(2,550)	9,944
Refundable advances	384,270	(72,593)
Other current liabilities	(26,124)	23,256
	<u>1,316,154</u>	<u>920,551</u>
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Purchase of property and equipment	(853,353)	(50,393)
	<u>(853,353)</u>	<u>(50,393)</u>
Net Cash Used in Investing Activities		
Increase in Cash and Cash Equivalents	462,801	870,158
Cash and Cash Equivalents, Beginning of Year	<u>2,384,384</u>	<u>1,514,226</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,847,185</u>	<u>\$ 2,384,384</u>

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Notes to the Financial Statements
December 31, 2023 and 2022**

Note 1 – Summary of Significant Accounting Policies

A. Nature of Activities

The Boys & Girls Clubs of Topeka (the Organization) was established in 1956 to address the critical needs of the youth in the Topeka community living in poverty. The mission of the Organization is to enable all young people, especially those who need us most, to reach their full potential as productive, caring and responsible citizens. The Organization nurtures young people's self-esteem by instilling in them a sense of belonging, usefulness, influence and competence. Positive youth development is achieved through the provision of a safe, positive environment, fun supportive relationships, recognition, opportunities and expectations. The organization concentrates on three core youth outcome areas of Academic Success: members progress to the next grade level on time and graduate with a plan, Good Character & Citizenship: members are civically engaged and balance self-concern with concern for others and Healthy Lifestyles: empowering youth to make healthful choices.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide).

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

C. 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.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization generally considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Notes to the Financial Statements
December 31, 2023 and 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

E. Grants Receivable and Credit Policies

Grants receivable consist primarily of noninterest-bearing amounts due from federal and state agencies under contracted award agreements. Credit risk associated with grants receivable are considered to be limited due to high historical collection rates and because the outstanding amounts are due from governmental agencies supportive of the Organization’s mission. At December 31, 2023 and 2022, an allowance was not reserved against grants receivable as each account was estimated to be fully collectable.

F. Investments

Investments received by the Organization by gift, bequest or devise are stated at their fair value as of the date of receipt. Fair value is determined by appraisal, quoted market, etc. At year-end, investments are stated at fair market value. Interest and dividends on investment securities are included in income when earned. Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statements of financial position.

The Organization has an endowed fund (the fund) at the Topeka Community Foundation (the Foundation). The Foundation holds and invests the funds on behalf of the Organization. The resources held in these funds are invested in money market accounts, equity income funds, fixed income funds, real asset funds, and strategic income & absolute return funds. The fund enables third party donors to contribute monies directly to the Foundation for the benefit of the Organization. The endowed funds are not recorded on the Organization's financial statements as these funds are not contributions to the Organization until the funds are requested and received by the Organization based on the Foundation's investment and distribution policies. The cost and fair market value of the fund was \$10,000 and \$8,264 at December 31, 2022, respectively. The cost and fair market value of the fund was \$10,000 and \$9,117 at December 31, 2023, respectively.

G. Property and Equipment

The Organization capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives as follows:

Building	40 years
Leasehold improvement	5-40 years
Furniture and equipment	5-10 years
Transportation vehicles	5-7 years

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Notes to the Financial Statements
December 31, 2023 and 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

G. Property and Equipment (continued)

When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022.

H. Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, is exempt from federal income taxes pursuant to Section 501(a) of the Code and has been classified as other than a private foundation. The Organization's policy is to evaluate uncertain tax positions annually. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements. Forms 990 and 990-T filed by the Organization are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. The Organization is no longer subject to tax examinations by tax authorities for Forms 990, Return of Organization Exempt from Income Tax, for fiscal years before 2020.

I. Revenue Recognition – Public Support

Public support is primarily derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

J. Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated are allocated based on time and effort as determined by the Organization.

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Notes to the Financial Statements
December 31, 2023 and 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

K. In-Kind Contributions

Contributed nonfinancial assets include donated repairs and maintenance services. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Note 2 – Concentration of Financial Risk

The Organization maintains cash and short-term investment certificates of deposits at two financial institutions. At December 31, 2022, the Organization was under secured at one financial institution by \$601,839. All other deposits were insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. At December 31, 2023, the Organization was under secured at one financial institution by \$432,931.

Note 3 – Fair Value Measurement

Financial reporting standards establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level or any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Furthermore, although the Organization believes its valuation methodologies 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.

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Notes to the Financial Statements
December 31, 2023 and 2022**

Note 3 – Fair Value Measurement (continued)

The following hierarchy table presents information about the Organization’s assets measured at fair value as of December 31, 2023:

	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Beneficial interest in perpetual trusts	\$ 6,613,194	\$ -	\$ -	\$ 6,613,194
Total	<u>\$ 6,613,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,613,194</u>

The following hierarchy table presents information about the Organization’s assets measured at fair value as of December 31, 2022:

	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Beneficial interest in perpetual trusts	\$ 6,270,620	\$ -	\$ -	\$ 6,270,620
Total	<u>\$ 6,270,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,270,620</u>

There were no transfers of assets or liabilities between levels 1, 2, or 3 of the fair value hierarchy during the years ended December 31, 2023 and 2022.

The following is a reconciliation of the Organization’s assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Balance - beginning of the year	\$ 6,270,620	\$ 7,382,814
Change in value of beneficial interest in trusts	<u>342,574</u>	<u>(1,112,194)</u>
Balance - end of the year	<u>\$ 6,613,194</u>	<u>\$ 6,270,620</u>

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Notes to the Financial Statements
December 31, 2023 and 2022**

Note 4 – Fixed Assets

A summary of the accounts and related accumulated depreciation at December 31 is as follows:

	<u>2023</u>		<u>2022</u>	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land	\$ 517,072	\$ -	\$ 267,072	\$ -
Building and improvements	1,907,244	1,368,445	1,704,641	1,321,878
Furniture and equipment	239,122	104,485	239,122	79,806
Transportation vehicles	175,904	91,172	81,004	81,004
Construction in progress	305,850	-	-	-
Total	<u>\$ 3,145,192</u>	<u>\$ 1,564,102</u>	<u>\$ 2,291,839</u>	<u>\$ 1,482,688</u>

Note 5 – Refundable Advances

The Organization has been awarded grants from various local, state and federal agencies and organizations. The grants are recognized as the required services are performed, and expenses are recognized as incurred. Grant activity for the years ended December 31, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Refundable advances, beginning of year	\$ 240,263	\$ 312,856
Grant receipts	2,499,670	2,666,251
Grant expenditures	<u>(2,115,400)</u>	<u>(2,738,844)</u>
Refundable advances, end of year	<u>\$ 624,533</u>	<u>\$ 240,263</u>

Note 6 – Net Assets with Donor Restrictions

Beneficial Interests

The Organization has been previously named a 5% beneficiary in the earnings from the assets in the Lewis P Humphrey’s Trust, a non-revocable trust held by an unrelated third party. Additionally, the Organization has been named a 20% beneficiary in the earnings from the assets in the Ethel S Dyatt irrevocable trust and an additional Lewis P Humphrey’s trust, also held by unrelated third parties.

The Organization will receive earnings from the trusts into perpetuity. Net assets with donor restrictions are \$6,613,194 and \$6,270,620 at December 31, 2023 and 2022, respectively. Perpetual trusts are arrangements in which a donor establishes and funds a perpetual trust administered by a third party. The Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity but never receives the assets held in trust. Contributions of beneficial interests in perpetual trusts and adjustments in fair value are recorded on the statement of activities under with donor restrictions.

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Notes to the Financial Statements
December 31, 2023 and 2022**

Note 6 – Net Assets with Donor Restrictions (continued)

The related assets are reported at fair market value in the statement of financial position. Distributions to the Organization from these trusts are recognized as current support. As required by accounting principles generally accepted in the United States of America, the Organization records its proportionate shares of the fair value of the trusts as net assets with donor restrictions at December 31, 2023 and 2022. Distributions from the trusts to the Organization are recorded as unrestricted contributions in the amounts of \$308,817 and \$243,247 for the years ended December 31, 2023 and 2022, respectively.

Note 7 – Liquidity

The Organization’s financial assets available within one year of the statement of financial position date for general expenses are as follows:

	<u>2023</u>
Cash and cash equivalents	\$ 2,847,185
Grants receivable	488,755
	<u>\$ 3,335,940</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

Note 8 – Pension Plan

The Organization offers a pension plan and trust through an external company. To be eligible to participate in the plan, an employee must be at least 21 years of age and have completed two years of continuous employment with a minimum of 1,000 hours per year. In 2023 and 2022, the Organization contributed 5% of the eligible employees’ salaries to the plan. For the years ended December 31, 2023 and 2022, the Organization contributed \$61,792 and \$62,534, respectively.

Note 9 – Concentrations

The Organization is dependent upon funding from various grants and contributions. If this funding were lost, the Organization would not be able to provide the level of services that they are currently providing.

Note 10 – Contingencies

The Organization receives a significant portion of its revenues from grants, of which the majority are subject to audit by the federal and state governments. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Notes to the Financial Statements
December 31, 2023 and 2022**

Note 11 - In-Kind Contributions

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2023</u>	<u>2022</u>
Repairs and maintenance	<u>\$ 29,537</u>	<u>\$ 13,078</u>

Contributed repairs and maintenance are provided by professional external service companies who performed bus repairs. Contributed services are used for program and general activities and are recognized at fair value based on current rates for similar professional services.

Note 12- Compensated Absences

The Organization's vacation policy states that full-time employees are entitled to vacation as follows:

<u>Years of employment</u>	<u>Days</u>
1 - 2 years	6
3 - 7 years	10
8 - 15 years	15
16 and above years	20

The maximum accumulation of vacation is 160 hours (20 days) which may be carried over. Any amount above that will be forfeited on January 1st.

Note 13 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the independent auditor's report, the date the financial statements were available to be issued.

SINGLE AUDIT SECTION

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Schedule of Expenditures of Federal Awards
December 31, 2023**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assisted Listing Number	Expenditures
Department of Agriculture		
Passed through Kansas Department of Education		
Child and Adult Food Program	10.558	65,545
Summer Food Service Program for Children	10.559	29,243
Total Department of Agriculture		<u>94,788</u>
Department of Justice		
Passed through Boys & Girls Clubs of America		
Juvenile Mentoring Program	16.726	2,320
Department of Education		
Passed through Kansas Department of Education		
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	105,776
Twenty-First Century Learning Centers	84.287	72,146
Total Department of Education		<u>177,922</u>
Department of Health and Human Services		
Passed through Kansas Department for Children and Families		
Temporary Assistance for Needy Families	93.558	562,375
Child Care and Development Block Grant	93.575	755,200
Total Department of Health and Human Services		<u>1,317,575</u>
Department of Homeland Security		
Non-profit Security Program	97.008	298,050
Total Expenditures of Federal Awards		<u>\$ 1,890,655</u>

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Notes to the Schedule of Expenditures of Federal Awards
December 31, 2023**

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal financial assistance programs for the Boys & Girls Clubs of Topeka (the Organization). The reporting Organization is defined in Note 1 of the Organization's basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the Schedule.

Note 2. Basis of Presentation

The accompanying Schedule is presented on a basis which is the same basis of accounting as the financial statements. The information in the 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

The Organization did not elect to use the 10% de minimis cost rate on all Federal grants.

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Schedule of Findings and Questioned Costs
December 31, 2023**

Section I – Summary of Independent Auditor’s Results

Financial Statement

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statement noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
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 2 CFR Section 200.516(a)?	No

Major Programs

<u>Assisted Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.575	Child Care and Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Findings - Financial Statement Audit

None reported

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

None reported

**Boys & Girls Clubs of Topeka
Topeka, Kansas**

**Summary Schedule of Prior Year Findings
December 31, 2023**

None in prior year



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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 THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Boys & Girls Clubs of Topeka

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Boys & Girls Clubs of Topeka (the 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, and have issued my report thereon dated September 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, I 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.



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However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Shiple CPA, LLC

Shiple CPA, LLC
Topeka, Kansas
September 11, 2024



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

To the Board of Directors
Boys & Girls Clubs of Topeka

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited the Boys & Girls Clubs of Topeka (the Organization)'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 the Organization's major federal programs for the year ended December 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Organization and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Organization'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 the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 the Organization's compliance based on my audit.



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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 the Organization'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, I:

- 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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Organization'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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.



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My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

Shiple CPA, LLC

Shiple CPA, LLC
Topeka, Kansas
September 11, 2024