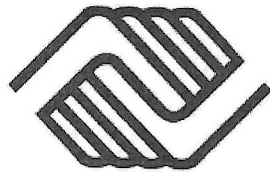


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BOYS & GIRLS CLUB
OF THE EASTERN PANHANDLE

Martinsburg, West Virginia

FINANCIAL REPORT

DECEMBER 31, 2021



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YHBcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls of the Eastern Panhandle, Inc.
Martinsburg, West Virginia

Opinion

We have audited the financial statements of the Boys & Girls Club of the Eastern Panhandle, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses, 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 Club of the Eastern Panhandle, Inc. as of December 31, 2021, and the changes in its net assets, functional expenses and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization 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.

Other Matter

The financial statements of the Organization, as of and for the year ended December 31, 2020, were audited by other auditors, whose report, dated August 20, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management 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 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 issued or 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 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 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 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 our 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards (the schedule), as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purpose of additional analysis and is not a required part of the financial statements.

The schedule of expenditures of federal awards 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 schedule 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 schedule 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 September 16, 2022, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Yount, Hyde & Barbours, P.C.

Winchester, Virginia
September 16, 2022

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Statements of Financial Position

December 31, 2021 and 2020

Assets		<u>2021</u>	<u>2020</u>
Current Assets			
Cash and cash equivalents		\$ 338,613	\$ 276,911
Receivables		20	7,754
Prepaid expenses and other assets		<u>806</u>	<u>--</u>
Total current assets		<u>339,439</u>	<u>284,665</u>
Property and Equipment			
Buildings		1,259,832	358,194
Computer hardware and software		19,116	19,116
Club vehicles and equipment		37,247	27,968
Leasehold improvements		<u>125,395</u>	<u>152,903</u>
		1,441,590	558,181
Less accumulated depreciation		<u>(224,663)</u>	<u>(200,115)</u>
Net property and equipment		<u>1,216,927</u>	<u>358,066</u>
Total assets		<u>\$ 1,556,366</u>	<u>\$ 642,731</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable		\$ 8,402	\$ 13,279
Accrued expenses		10,839	7,202
Mortgage payable		<u>19,558</u>	<u>--</u>
Total current liabilities		<u>38,799</u>	<u>20,481</u>
Long-Term Liabilities , mortgage payable		<u>767,632</u>	<u>--</u>
Total long-term liabilities		<u>767,632</u>	<u>--</u>
Net Assets			
Without donor restrictions		749,935	587,250
With donor restrictions		<u>--</u>	<u>35,000</u>
Total net assets		<u>749,935</u>	<u>622,250</u>
Total liabilities and net assets		<u>\$ 1,556,366</u>	<u>\$ 642,731</u>

See Notes to Financial Statements.

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains and Other Support			
Contributions:			
General	\$ 359,281	\$ --	\$ 359,281
United Way	41,817	--	41,817
Programs	224,598	--	224,598
Grant revenue	445,158	--	445,158
In-kind contributions	6,983	--	6,983
Miscellaneous revenue	2,234	--	2,234
Rental income	58,235	--	58,235
Special events, net of expenses of \$14,735	51,996	--	51,996
Interest income	283	--	283
(Loss) on disposal of property and equipment	(4,487)	--	(4,487)
Net assets released from restrictions	<u>35,000</u>	<u>(35,000)</u>	<u>--</u>
Total revenues, gains and other support	<u>1,221,098</u>	<u>(35,000)</u>	<u>1,186,098</u>
Expenses			
Program services	944,049	--	944,049
General and administrative	200,422	--	200,422
Fundraising	<u>18,062</u>	<u>--</u>	<u>18,062</u>
Total expenses	<u>1,162,533</u>	<u>--</u>	<u>1,162,533</u>
Other Income, Paycheck Protection			
Program loan forgiveness	<u>104,120</u>	<u>--</u>	<u>104,120</u>
Changes in net assets	162,685	(35,000)	127,685
Net Assets			
Beginning of year	<u>587,250</u>	<u>35,000</u>	<u>622,250</u>
End of year	<u>\$ 749,935</u>	<u>\$ --</u>	<u>\$ 749,935</u>

See Notes to Financial Statements.

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Statement of Activities
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains and Other Support			
Contributions:			
General	\$ 350,512	\$ 35,000	\$ 385,512
United Way	28,668	--	28,668
Programs	305,358	--	305,358
Grant revenue	288,855	--	288,855
In-kind contributions	35,139	--	35,139
Miscellaneous revenue	1,369	--	1,369
Rental income	170	--	170
Total revenues, gains and other support	<u>1,010,071</u>	<u>35,000</u>	<u>1,045,071</u>
Expenses			
Program services	828,251	--	828,251
General and administrative	150,014	--	150,014
Fundraising	617	--	617
Total expenses	<u>978,882</u>	<u>--</u>	<u>978,882</u>
Other Income, Paycheck Protection			
Program loan forgiveness	<u>104,100</u>	<u>--</u>	<u>104,100</u>
Changes in net assets	135,289	35,000	170,289
Net Assets			
Beginning of year	<u>451,961</u>	<u>--</u>	<u>451,961</u>
End of year	<u>\$ 587,250</u>	<u>\$ 35,000</u>	<u>\$ 622,250</u>

See Notes to Financial Statements.

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Youth</u>	<u>General and</u>		
	<u>Education and</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Recreation</u>			
Salaries and wages	\$ 515,037	\$ 137,791	\$ 18,062	\$ 670,890
Program supplies	133,087	--	--	133,087
Taxes, payroll	45,334	11,333	--	56,667
Utilities	46,962	--	--	46,962
Supplies and expenses	42,729	--	--	42,729
Employee benefits	34,013	8,503	--	42,516
Professional fees	9,221	27,662	--	36,883
Depreciation	29,946	--	--	29,946
Repairs, building	26,721	--	--	26,721
Insurance, general	16,918	1,880	--	18,798
Dues and publications	16,722	--	--	16,722
Conferences	12,267	1,363	--	13,630
Interest	--	11,254	--	11,254
Miscellaneous expense	9,012	--	--	9,012
Travel	3,542	394	--	3,936
Printing and reproduction	1,869	208	--	2,077
Postage	669	34	--	703
	<u>\$ 944,049</u>	<u>\$ 200,422</u>	<u>\$ 18,062</u>	<u>\$ 1,162,533</u>

See Notes to Financial Statements.

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Youth</u>		<u>General and</u>		
	<u>Education and</u>		<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Recreation</u>				
Salaries and wages	\$ 444,353		\$ 111,088	\$ --	\$ 555,441
Program supplies	145,743		--	--	145,743
Taxes, payroll	37,289		9,322	--	46,611
Employee benefits	32,766		8,192	--	40,958
Utilities	38,867		--	--	38,867
Rent, building	35,000		--	--	35,000
Supplies and expenses	19,105		3,371	--	22,476
Professional fees	4,886		14,659	--	19,545
Depreciation	17,089		--	--	17,089
Insurance, general	14,594		1,622	--	16,216
Repairs, building	14,180		--	--	14,180
Dues and publications	10,566		--	--	10,566
Conferences	5,974		664	--	6,638
Miscellaneous	5,422		--	--	5,422
Travel	1,018		113	--	1,131
Printing and reproduction	859		96	--	955
Interest	--		859	--	859
Fundraising	--		--	617	617
Postage	540		28	--	568
	<u>\$ 828,251</u>		<u>\$ 150,014</u>	<u>\$ 617</u>	<u>\$ 978,882</u>

See Notes to Financial Statements.

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 127,685	\$ 170,289
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	29,946	17,089
Loss on disposal of property and equipment	4,487	--
Changes in assets and liabilities:		
Decrease (increase) in receivables	7,734	(3,624)
(Increase) in prepaid expenses and other assets	(806)	--
(Decrease) in accounts payable	(4,877)	(13,571)
Increase in accrued expenses	<u>3,637</u>	<u>7,202</u>
Net cash provided by operating activities	<u>167,806</u>	<u>177,385</u>
 Cash Flows from Investing Activities,		
purchases of property and equipment	<u>(893,294)</u>	<u>(27,680)</u>
 Cash Flows from Financing Activities		
Proceeds from mortgage payable	800,000	--
Principal payments on mortgage payable	(12,810)	--
(Decrease) in line of credit	<u>--</u>	<u>(28,000)</u>
Net cash provided by (used in) financing activities	<u>787,190</u>	<u>(28,000)</u>
 Net change in cash and cash equivalents	61,702	121,705
 Cash and Cash Equivalents		
Beginning of year	<u>276,911</u>	<u>155,206</u>
 End of year	<u>\$ 338,613</u>	<u>\$ 276,911</u>
 Supplemental Disclosures of Cash Flow Information,		
interest paid during the year	<u>\$ 11,254</u>	<u>\$ 859</u>

See Notes to Financial Statements.

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Nature of Operations

The Boys & Girls Club of the Eastern Panhandle, Inc. (the Organization) is a nonstock, nonprofit organization incorporated on January 21, 2005, under the statutes of West Virginia and began operations July 1, 2005. The Organization's stated purpose is to inspire and enable all young people, especially those who need us most, to reach their full potential as productive, responsible, and caring citizens. The Organization relies on public sector contributions and grants to fund its operations.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when earned and expenses when incurred.

Basis of Presentation

The financial statement presentation follows the requirements of the Not-for-Profit Entities Presentation of Financial Statements Topic of the FASB Accounting Standards Codification. Under the Standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, and expenses are classified based on the existence or absence of donor imposed restrictions. Net assets with donor restrictions consist of assets whose use is limited by donor imposed time and/or purpose restrictions, or those contributed with donor stipulations that they be held in perpetuity with use of income with or without donor restrictions. Net assets without donor restrictions are those currently available for use in the Organization's general operations under the direction of the Board.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. At times, the Organization has deposits in excess of the \$250,000 limited insured by the Federal Deposit Insurance Corporation. Management considers this to be a normal business risk.

Notes to Financial Statements
December 31, 2021 and 2020

Receivables

Receivables represent grant funds due to the Organization of which management has determined are fully collectible and no allowance for doubtful accounts is considered necessary.

Property and Equipment

Property and equipment are stated at cost. Donated assets are recorded at fair market value at the date of contribution. Costs of major improvements and additions are capitalized in the year incurred. Normal repairs and maintenance are expensed. The Organization's policy is to capitalize all property and equipment costs in excess of \$2,000. Depreciation on property and equipment is calculated by use of the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Computer hardware and software	3-5
Club equipment	5-20
Buildings and leasehold improvements	20-40
Vehicles	5

Revenue Recognition

Revenue Recognition Methodology for Exchange Transactions

For exchange transactions, the Organization recognizes revenue in accordance with Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

For any amounts received in advance and for which performance obligations have not been satisfied, a contract liability (deferred revenue) is recorded.

Revenue Recognition Methodology for Contributions and Grants

Contributions and grants are recognized when received or unconditionally promised. The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Notes to Financial Statements
December 31, 2021 and 2020

Gifts of property and equipment are presented as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, The Organization reports expirations of donor restrictions when the donated or acquired long lived assets are placed in service.

Donor-restricted contributions whose restrictions are met in the same year as received are classified as contributions without donor restrictions in the accompanying financial statements.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized, or are treated as a refundable advance, until the conditions on which they depend have been met.

Revenue Streams

The Organization receives various sources of revenue.

Contributions and grants are recognized when received. There was a conditional promise to give of \$5,000 as of December 31, 2021. There were no conditional promises to give as of December 31, 2020.

Programs income represents an exchange transaction and is recognized over time as the programs are provided. The Organization does not receive funds in advance of programs provided.

Special events income is net of direct costs on the statement of activities and is recognized at a point in time, when the event occurs. Event income includes a combination of exchange transactions (ticket sales) and contributions. Contributions included in special events income, net, for 2021 were \$24,780.

Rental income is recognized over the life of the lease agreement. Miscellaneous revenue is recognized at the time of receipt.

Donated Services

Donations of services are recorded at their estimated fair value at the date of donation, given the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

A substantial number of unpaid volunteers make significant contributions of their time to the Organization, principally in fundraising, Organization management, and program activities. The value of this contributed time is not reflected in these statements, since they do not meet the criteria for recognition under the Not-for-Profit Entities Revenue Recognition Topic of the FASB Accounting Standards Codification.

Notes to Financial Statements
December 31, 2021 and 2020

Income Tax Status

The Organization is a not-for-profit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and files its informational returns in the United States federal jurisdiction. These informational returns are subject to examination generally for three years after they were filed.

Allocation Methodology for the Statement of Functional Expenses

The costs of providing program and other activities are summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated among program, management and general and fundraising. Such allocations have been made by management on an equitable basis. The allocation methodology is as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and Effort
Program supplies	Direct Allocation
Taxes, payroll	Time and Effort
Employee benefits	Time and Effort
Utilities	Direct Allocation
Rent, building	Direct Allocation
Supplies and expenses	Time and Effort
Professional fees	Time and Effort
Depreciation	Direct Allocation
Insurance, general	Time and Effort
Repairs, building	Direct Allocation
Dues and publications	Direct Allocation
Conferences	Time and Effort
Miscellaneous expense	Direct Allocation
Travel	Time and Effort
Printing and reproduction	Time and Effort
Interest	Direct Allocation
Fundraising	Direct Allocation
Postage	Time and Effort

Notes to Financial Statements
December 31, 2021 and 2020

Note 2. Liquidity and Availability of Resources

At December 31, 2021, the Organization had \$338,633 of financial assets available within one year of the statement of position date to meet cash needs for general expenditures. The financial assets consisted of \$338,613 of cash and cash equivalents and \$20 of receivables, \$0 of which is subject to donor restrictions.

At December 31, 2020, the Organization had \$284,665 of financial assets available within one year of the statement of position date to meet cash needs for general expenditures. The financial assets consisted of \$276,911 of cash and \$7,754 of receivables, \$35,000 of which is subject to donor restrictions.

The Organization has set a goal of having financial assets on hand to meet 90 days of normal operating expenses, which on average are around \$260,000. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Should an unforeseen liquidity need arise, the Organization could draw on its line of credit and/or request assistance from local and state government agencies and the general public.

Note 3. Line of Credit

The Organization has a \$100,000 unsecured, due on demand line of credit with a bank which had an outstanding balance of \$0 as of December 31, 2021 and 2020, and is subject to the bank's prime lending interest rate. The line of credit matures on December 15, 2023.

Note 4. Restricted Net Assets

As of December 31, 2020, there were \$35,000 in restricted net assets subject to a use restriction for renovations to the Morgan County Building in Berkeley Springs, West Virginia. There were no restricted net assets as of December 31, 2021.

Note 5. In-Kind Contributions

Contributions of donated facilities, supplies and repairs are recorded at their fair values in the period received based on comparable values of like items in the surrounding area. Donated value of the Martinsburg Unit has not been reflected in the financial statements due to the fact that the fair value has not been determined. For the years ended December 31, 2021 and 2020, in-kind contributions were as follows:

	2021	2020
Berkeley Springs Unit (rent)	\$ - -	\$ 35,000
Supplies and repairs	6,983	139
Total in-kind contributions	\$ 6,983	\$ 35,139

Notes to Financial Statements
December 31, 2021 and 2020

Note 6. Special Fundraising Events

The following related to special fundraising events for the year ended December 31, 2021:

	Revenue	Expenses	Net
Champion for Youth	\$ 24,474	\$ 4,474	\$ 20,000
Inside the Huddle	24,664	5,642	19,022
Miscellaneous special events	17,593	4,619	12,974
Net fundraising	\$ 66,731	\$ 14,735	\$ 51,996

Due to the covid pandemic all fundraising activities for the year ended December 31, 2020 were either postponed or cancelled.

Note 7. Boys & Girls Club of America

The Organization receives various types of support from the Boys & Girls Club of America. In turn, the Organization pays dues to the National Organization based on the Organization's membership for purposes of fulfilling the National Organization's mission. Amounts paid to the National Organization are included in dues and publications in the accompanying statements of functional expenses.

Note 8. Defined Contribution Plan

On January 1, 2016, the Organization established the Boys & Girls Club of the Eastern Panhandle 401(k) Plan, Safe Harbor Contribution Plan (the "Plan"). The Plan is a defined contribution plan. All employees who have completed one year of service and are 21 years of age are eligible to participate. The Organization has contributed three percent (3%) per year as a percentage of annual compensation. The Organization's contribution to the Plan was \$4,908 and \$10,438 for the years ended December 31, 2021 and 2020, respectively.

Note 9. PPP Loan Forgiveness

In April 2020, the Organization entered into a loan agreement with a local bank in the amount of \$104,100 that is part of the U.S. Small Business Administration's Paycheck Protection Program (PPP). The loan had the potential to be partially or fully forgiven if the Organization used the loan proceeds for its payroll costs and other expenses in accordance with the requirements of the SBA. The Organization received SBA forgiveness for the full amount in March 2021, but forgiveness was recognized in 2020 (as other income) in order to match loan forgiveness income in the same year with the expenditures from the loan proceeds.

Notes to Financial Statements
December 31, 2021 and 2020

In March 2021, the Organization received \$104,120 loan from BB&T Bank as part of the second round of the Small Business Administration's Paycheck Protection Program (PPP). The proceeds were to be used for payroll and other operational expenses during a twenty-four week period. This loan required an application for loan forgiveness at the end of the spend down period and all or some of the loan may be forgiven. Any unforgiven amount will need to be repaid at 1% interest rate with payment to begin within ten months after the spend down period is complete. The Organization received full forgiveness of the loan in December 2021; the forgiveness was recognized as other income in the Statement of Activities.

Note 10. Uncertainty

Beginning around March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, have been impacted for months and beyond. Governments and their citizens have taken significant and unprecedented measures to mitigate the consequences of the pandemic. Management continues to monitor the situation and evaluate its options. No adjustments have been made to these financial statements as a result of this uncertainty.

Note 11. Mortgage Payable

On May 14, 2021, the Organization entered into a loan agreement with the United States Department of Agriculture in the amount of \$800,000. The note is a 30-year note with an interest rate of 2.125% per annum. Monthly payments are \$3,008 per month, beginning June 14, 2021. The proceeds of the loan were used to purchase a building in Berkeley Springs, West Virginia to be used for the Morgan County Club.

Maturities of the loan are as follows:

2022	\$	19,558
2023		19,978
2024		20,406
2025		20,844
2026		21,292
Thereafter		<u>685,112</u>
Total	\$	<u>787,190</u>

Notes to Financial Statements
December 31, 2021 and 2020

Note 12. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 16, 2022, the date the financial statements were available to be issued.

Subsequent to year end, the Organization started the Mary J. Stanley Fund at the Eastern West Virginia Community Foundation with a gift of \$70,000.

There are no additional subsequent events that require recognition or disclosure.

Note 13. Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization in calendar year 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

In September 2020, FASB issued ASU No. 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets or gifts-in-kind. ASU No. 2020-07 is effective for the Organization in calendar year 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Boys & Girls Club of the Eastern Panhandle, Inc.
Martinsburg, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Boys & Girls Club of the Eastern Panhandle, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 16, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Yount, Hyde & Barbours, P.C.

Winchester, Virginia
September 16, 2022



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

To the Board of Directors
Boys & Girls Club of the Eastern Panhandle, Inc.
Martinsburg, West Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Boys & Girls Club of the Eastern Panhandle, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Boys & Girls Club of the Eastern Panhandle, 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 Organization complied, in all material respects, with the 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, 2021.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cos 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 the Organization 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 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

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 the Organization'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 GAAS, *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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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.

Yount, Hyde & Barbours, P.C.

Winchester, Virginia
September 16, 2022

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
United States Department of Agriculture				
Community Facilities Loans and Grants	10.780	N/A	\$ --	\$ 800,000
Total United States Department of Agriculture			<u>\$ --</u>	<u>\$ 800,000</u>
United States Department of Justice				
Direct Funding for the Juvenile Mentoring Program	16.726	N/A	\$ --	\$ 17,486
Passed Through Boys & Girls Club of America Juvenile Mentoring Program	16.726	OPI 2020-49243; OJJDP 2020-49231; OJJDP 2020-49229; OJJDP 2020-49230	--	124,662
Total United States Department of Justice			<u>\$ --</u>	<u>\$ 142,148</u>
United States Department of Education				
Passed Through West Virginia Department of Education Twenty-First Century Community Learning Centers	84.287	GRTAWD04022200002189; GRTAWD04022100002552	\$ --	\$ 85,643
Total United States Department of Education			<u>\$ --</u>	<u>\$ 85,643</u>
Total Expenditures of Federal Awards			<u>\$ --</u>	<u>\$ 1,027,791</u>

See notes to the schedule of expenditures of federal awards.

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Boys & Girls Club of the Eastern Panhandle, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule represents 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.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Outstanding Loan of Federal Funds

The Organization had an outstanding loan of \$787,190 with the United States Department of Agriculture as of December 31, 2021. The loan provided under this program (10.780, Community Facilities Loans and Grants) is included as an expenditure on the schedule of expenditures of federal awards.

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? X Yes _____ None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) _____ Yes X No

Identification of major programs: Assistance Listing Number: 10.780; United States Department of Agriculture, Community Facilities Loans and Grants

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

Auditee qualified as low-risk auditee? _____ Yes X No

BOYS & GIRLS CLUB OF THE EASTERN PANHANDLE, INC.

Schedule of Findings and Questioned Costs (continued)

For the Year Ended December 31, 2021

II. FINANCIAL STATEMENT FINDINGS

Finding 2021-001

Criteria: In accordance with 2 CFR 200.510, the auditee must prepare financial statements that reflect its financial position, changes in net assets, cash flows and footnotes for the year audited.

Condition: The Organization currently does not prepare its financial statements, complete with notes, in accordance with accounting principles generally accepted in the United States of America.

Cause: The Organization is unable to and has not established internal controls over the preparation of financial statements.

Effect: The Center did not prepare its financial statements, complete with notes, in accordance with accounting principles generally accepted in the United States of America for the year audited.

Recommendation: We recommend evaluating whether or not the preparation of financial statements by the Organization is cost effective.

Views of responsible officials: Management has evaluated the finding and determined the cost outweighs the benefit of hiring someone to prepare the financial statements complete with notes.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The Organization has not previously met the requirements for a compliance audit. The Organization is subject to a compliance audit for the first time for the year ended December 31, 2021; therefore, there are no findings to report for the year ended December 31, 2020.



Corrective Action Plan
For the Year Ended December 31, 2021

As required by the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200.511(c), the Boys & Girls Club of the Eastern Panhandle, Inc. has prepared and hereby submits the following Corrective Action for the findings included in the Schedule of Findings and Questioned Costs for the year ended December 31, 2021.

Finding 2021-001

Name of the contact person responsible for corrective action: Stacie Rohn, Chief Executive Officer

Corrective action planned: Management has evaluated the finding and determined the cost outweighs the benefit of hiring someone to prepare the financial statements complete with notes.

Anticipated completion date: September 2022.