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January 5, 2023

Board of Directors
Indiana Alliance of Boys and Girls Clubs
6929 E 10th Street
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We have reviewed the audit report of Indiana Alliance of Boys and Girls Clubs which was opined upon by BDO USA, LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indiana Alliance of Boys and Girls Clubs as of December 31, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the Emphasis of Matter paragraph included in the Independent Auditor's Report and further detailed in Note 2.

We call your attention to the findings in the report on pages 11-15 of the Federal Single Audit Report, which is included after the Annual Financial Report. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action plan can be found on pages 16 through 17.

In our opinion, BDO USA, LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.


Tammy White, CPA
Deputy State Examiner



Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Combined Financial Statements
Year Ended December 31, 2020

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

Combined Financial Statements
Year Ended December 31, 2020

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Contents

| | |
|---|-------|
| Independent Auditor's Report | 3-5 |
| Consolidated Financial Statements | |
| Combined Statement of Financial Position | 7 |
| Combined Statement of Activities | 8 |
| Combined Statement of Cash Flows | 9 |
| Combined Statement of Functional Expenses | 10 |
| Notes to Combined Financial Statements | 11-18 |
| Supplementary Information | |
| Statement of Financial Position - Boys & Girls Clubs in Indiana, Inc. | 20 |
| Statement of Activities - Boys & Girls Clubs in Indiana, Inc. | 21 |
| Statement of Cash Flows - Boys & Girls Clubs in Indiana, Inc. | 22 |
| Statement of Functional Expenses - Boys & Girls Clubs in Indiana, Inc. | 23 |
| Statement of Financial Position - Indiana Alliance of Boys & Girls Clubs, Inc. | 24 |
| Statement of Activities - Indiana Alliance of Boys & Girls Clubs, Inc. | 25 |
| Statement of Cash Flows - Indiana Alliance of Boys & Girls Clubs, Inc. | 26 |
| Statement of Functional Expenses - Indiana Alliance of Boys & Girls Clubs, Inc. | 27 |



Independent Auditor's Report

To the Board of Directors of
Indiana Alliance of Boys and Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of the Indiana Alliance of Boys & Girls Clubs, Inc. (the "Alliance") and Boys & Girls Clubs in Indiana, Inc. ("BGCIN") (together, the "Organization"), which comprise the combined statement of financial position as of December 31, 2020, and the related combined statement of activities, functional expenses and cash flows, for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of a Matter

As described in Note 2, the Organization has restated its December 31, 2019 net assets to correct misstatements to prior year expenses booked incorrectly. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 of the combined financial statements was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the accompanying schedules are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures,



including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined 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 October 18, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

BDO USA, LLP

October 18, 2021

Combined Financial Statements

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

Combined Statement of Financial Position

| <i>December 31,</i> | 2020 |
|---|---------------------|
| Assets | |
| Cash and cash equivalents | \$ 1,299,727 |
| Accounts receivable | 15,000 |
| Grants receivable | 219,320 |
| Other assets | 4,815 |
| Total assets | \$ 1,538,862 |
| Liabilities | |
| Liabilities: | |
| Accounts payable | \$ 97,748 |
| Due to Clubs | 151,584 |
| Refundable advance | 357,377 |
| Total liabilities | 606,709 |
| Net assets: | |
| Without donor restrictions | 932,153 |
| Total net assets | 932,153 |
| Total liabilities and net assets | \$ 1,538,862 |

See accompanying notes to combined financial statements.

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

Combined Statement of Activities

| <i>Year Ended December 31,</i> | 2020 |
|---|-------------------|
| <hr/> | |
| Revenue, gains, and other support without donor restrictions: | |
| Members fees and dues | \$ 73,500 |
| Government grants | 3,742,868 |
| Contributions | 6,840 |
| Miscellaneous income | 13,530 |
| <hr/> | |
| Total revenue, gains, and other support without donor restrictions | 3,836,738 |
| <hr/> | |
| Expenses and losses: | |
| Leadership training, development, and support of youth programs | 3,681,171 |
| Management and general | 129,418 |
| <hr/> | |
| Total expenses | 3,810,589 |
| <hr/> | |
| Change in net assets without donor restrictions | 26,149 |
| Net assets without donor restrictions, at beginning of year (as restated) | 906,004 |
| <hr/> | |
| Net assets without donor restrictions, at end of year | \$ 932,153 |
| <hr/> | |

See accompanying notes to combined financial statements.

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

Combined Statement of Cash Flows

| <i>Year Ended December 31,</i> | 2020 |
|--|--------------|
| <hr/> | |
| Cash flows from operating activities: | |
| Change in net assets | \$ 26,149 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Increase in accounts receivable | (15,000) |
| Decrease in grants receivable | 165,555 |
| Decrease in other assets | 6,717 |
| Increase in accounts payable | 97,748 |
| Increase in due to Clubs | 124,364 |
| Increase in refundable advance | 357,377 |
| <hr/> | |
| Net cash provided by operating activities | 762,910 |
| <hr/> | |
| Cash and cash equivalents: | |
| Beginning of year | 536,817 |
| <hr/> | |
| End of year | \$ 1,299,727 |
| <hr/> | |

See accompanying notes to combined financial statements.

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

Combined Statement of Functional Expenses

| <i>Year Ended December 31, 2020</i> | Program Services Leadership Training, Development, and Support of Youth | Management and General | Total Expenses and Losses |
|-------------------------------------|--|---------------------------|---------------------------------|
| Contractual services | \$ 112,970 | \$ 117,546 | \$ 230,516 |
| Contractual services - Payroll | 1,178,716 | 1,876 | 1,180,592 |
| Program supplies - Food | 764,671 | - | 764,671 |
| Program supplies | 90,194 | - | 90,194 |
| Other supplies | 28,689 | - | 28,689 |
| Marketing and subscriptions | 2,103 | - | 2,103 |
| Telephone | 6,054 | - | 6,054 |
| Postage and shipping | 1,016 | - | 1,016 |
| Employee fees | 2,842 | - | 2,842 |
| Travel | 10,540 | - | 10,540 |
| Training and conferences | 15,836 | - | 15,836 |
| Awards and grants | 1,390,305 | - | 1,390,305 |
| Other grant expenses | 70,350 | - | 70,350 |
| Other - Depreciation | - | 6,717 | 6,717 |
| Miscellaneous | 6,885 | 3,279 | 10,164 |
| Total | \$ 3,681,171 | \$ 129,418 | \$ 3,810,589 |

See accompanying notes to combined financial statements.

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Notes to Combined Financial Statements

1. Description of Organization

The Indiana Alliance of Boys and Girls Clubs, Inc. (the “Alliance”) was incorporated in 2001 in the state of Indiana to provide a mechanism for joint decisions, communication and exchange of ideas and cooperative action among Boys and Girls Clubs in the State of Indiana, expand quality youth development, promote public awareness of youth development, and the problems youth face, promote and strengthen Boys and Girls Clubs’ relationships with public and private agencies, and to raise funds solely from the State and its agencies and sub divisions. Boys and Girls Clubs in Indiana, Inc. (“BGCIN”) was incorporated in 2016 in the state of Indiana with essentially the same mission as the Alliance. The Alliance and BGCIN are collectively, the “Organization”. Boys & Girls Clubs of America is the parent of the Organization.

Revenues are derived from membership dues from individual Boys and Girls Clubs within the State of Indiana, grant administration income for managing various grants, and state and federal funding. The elected board of directors then contracts to provide lobbying efforts on behalf of the Boys and Girls Clubs.

2. Summary of Significant Accounting Policies and Procedures

Basis of Accounting

The combined financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

The accounting policies of the Organization have been designed to conform to U.S. generally accepted accounting principles (“U.S. GAAP”) as applicable to not-for-profit organizations.

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

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

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

For conditional contributions, the Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the conditions are met and the restrictions expire in the reporting period in which the revenue is recognized. For contributions that are unconditional in nature, the Organization reports contributions restricted by donors as increases in net assets with donor restrictions. When the donor restriction expires on an unconditional contribution, the release is reported as net assets released from donor restrictions in the statements of activities.

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Notes to Combined Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of interest-bearing checking accounts, savings accounts, and investments with a maturity date of three months or less.

Accounts Receivable

Accounts receivable consist of membership dues due to the Organization at December 31, 2020. Based on existing agreements and historical experiences with the member Clubs, the Organization recognizes no allowance for doubtful accounts on accounts receivable.

Grants Receivable

Grants receivable represent balances due from government agencies or other third parties. Based on existing agreements and historical experiences with the granting entities, the Organization recognizes no allowance for doubtful accounts on grants receivable.

Due to Clubs

The Organization incurs liabilities representing pending payments due to local Boys & Girls Clubs, generally for the reimbursement of grant expenditures. The liabilities are recognized when the local Clubs have incurred the expense and satisfied the requirements for reimbursement in conjunction with the letter of awards and grant agreements.

Restatement

Beginning net assets without donor restrictions in 2020 have been restated to correct a prior period error where expenses were incorrectly recorded.

| <i>December 31, 2019</i> | | Without donor restrictions |
|----------------------------------|----|---------------------------------------|
| Net assets, as previously stated | \$ | 653,700 |
| Restatement adjustment | | 252,304 |
| Net assets (as restated) | \$ | 906,004 |

Revenue Recognition Accounted for in Accordance with ASC 605: Topic 958 Not for Profit Entities

Contributions

Contributions received, including unconditional promises to give, are recognized as revenue when assets or a donor's unconditional commitment is received.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions support that increases that net asset class. Contributed services are reported in the combined financial statements at the estimated fair market value for voluntary donations of services when those services (1) create or enhance non-

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Notes to Combined Financial Statements

financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which typically would be purchased if not provided by in-kind contributions.

Government Grants and Contracts

Grants awarded by federal agencies or passed through to the Organization from another donor that received funding from the U.S. federal government are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. As such, the Organization recognizes these amounts as contributions in accordance with the guidance under Accounting Standards Codification Topic 605. As these revenues are conditionally based on the satisfaction of the Organization either incurring an allowable expenditure or meeting the requirements specified in the respective grant contract, revenue is not recognized until the incremental conditions of the grant contract have been met.

Revenue Recognition - Contracts with Customers Accounted for in Accordance with ASC 606

The Organization recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration expected to be received in exchange for satisfying distinct performance obligations. Management expects that the period between when goods and services are transferred to their customers and when the customers pay for those goods and services will be one year or less. Therefore, the Organization elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component.

Membership Organization Dues

The Organization enters into membership agreements with local Clubs to provide services that ultimately further the mission of the Organization to provide reciprocal value to the Club. These Clubs are required to be in compliance with any dues formula and schedule adopted by the Organization's Board of Directors, and remain in good standing. Each member organization in good standing has the opportunity to participate in state-funded Organization grants and contracts, and enter into related subrecipient agreements in accordance with the respective Organization-approved distribution plans and/or as directed by the funders.

Membership dues are billed at the beginning of the membership year. Revenue related to membership agreements totaled \$73,500 for of the year ended December 31, 2020, as reflected in the combined statement of activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and management and general expenses based on estimates of time and effort.

Tax Status

The Alliance is exempt from federal income taxation under Section 501(c)(4) of the Internal Revenue Code ("IRC"), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The Alliance is not classified as

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Notes to Combined Financial Statements

a private foundation.

BGCIN is exempt from federal income taxation under Section 501(c)(3) of the IRC, though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC.) Contributions to BGCIN are tax deductible to donors under Section 170 of the IRC. BGCIN is not classified as a private foundation.

The Organization did not have income unrelated to its exempt purposes during the year ended December 31, 2020.

Use of Estimates

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these combined financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

Fair Values of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, grants receivable, accounts payable and due to Clubs. Each of these financial instruments is accounted for at cost, which approximate fair value.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). The amendments in ASU 2016-02 create FASB ASC Topic 842, Leases, and supersede the requirements in ASC Topic 840, Leases. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. On April 8, 2020, the FASB voted to defer the effective date of ASU 2016-02 by one additional year. The ASU is now effective for the Organization's fiscal year ended December 31, 2022.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021 and should be applied on a retrospective basis.

Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Notes to Combined Financial Statements

eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. This standard is effective for all entities for financial statements issued for fiscal years beginning after December 15, 2019. The adoption of this guidance did not have a material impact on the Organization's combined financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization has adopted this update, along with all subsequent amendments (collectively, "ASC 606") in 2019 under the modified retrospective method. Additionally, the Organization applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations relate to contracts with an expected duration of less than one year. The effect of the Organization's adoption of ASC 606 is outlined below.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this update on a modified prospective basis and the effects of the adoption are outlined below.

The effect of ASC 606 and ASU 2018-08 on the Organization's combined financial statements were examined in conjunction with one another. Prior to the clarifications provided in ASU 2018-08, transactions with customers that benefited the general public were considered to be exchange transactions. Under the clarified guidance, such transactions constitute contributions. The Organization reassessed the nature of its revenue-producing arrangements to ensure alignment with the definition of a contract under ASC 606 and an exchange transaction under ASU 2018-08. As a result, certain arrangements that had been classified as exchange transactions in previous years were concluded to be contributions under ASU 2018-08. The following changes in accounting policies occurred, during the year ended December 31, 2019, as a result of the implementation of the ASC 606 and ASU 2018-08.

The Organization's revenue from government grants and contracts were previously accounted for as exchange transactions since the arrangement with the customer benefited the general public, and revenue was recognized as expenses were incurred. Under ASU 2018-08, the Organization's revenue from government grants and contracts are considered contributions because the customer does not receive commensurate value for the consideration received by the Organization; rather, the purpose of these arrangements is for the benefit of the general public. Therefore, the Organization's management concluded that the agreements are conditional due to rights of return/release and barriers to entitlement to funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Notes to Combined Financial Statements

deliverable, the pattern of revenue recognition remained consistent with previous years. Therefore, under the prospective approach, there was no material change in the revenue recognition for government grants and contracts. Under ASU 2018-08, a refundable advance is recorded when the Organization receives assets (i.e. cash) in advance of the satisfaction of the conditions within these arrangements. As of December 31, 2020, there was \$357,377 in refundable advances recorded related to government grants and contracts. In accordance with the prospective transition approach in ASU 2018-08, the deferred revenue balances were reclassified to refundable advances on January 1, 2019.

Contribution revenue and trusts and bequests were accounted for under ASC Topic 958-605, *Not-for-Profit Entities, Revenue Recognition*, before the implementation of the new standards. With the clarifications outlined in ASU 2018-08, the Organization's management reviewed existing agreements as of the effective date, as well as new agreements for 2019, and concluded that there are no material changes in revenue related to contributions, trusts and bequests.

In addition, the Organization elected the net asset release policy option for contributions with donor restrictions that were initially conditional contributions. As part of this election, the Organization reports contributions restricted by donors (that were conditional in nature) as increases in net assets without donor restrictions if the conditions are met and the restrictions expire in the reporting period in which the revenue is recognized. The Organization has not changed its policy for unconditional contributions such that the Organization reports contributions restricted by donors (that were unconditional in nature) as increases in net assets with donor restrictions. When the donor restriction expires on an unconditional contribution, the release is reported as net assets released from donor restrictions in the statements of activities.

As part of ASU 2018-08, the Organization elected to early-adopt the standards for "contributions made" using the prospective approach to adoption. For awards made to other organizations prior to the effective date (July 1, 2018) that were considered to be unconditional in nature, the Organization continues to report these contributions made as "accounts payable and accrued expenses" in the consolidated statement of financial position. As payments are made to the recipients of those grants, the accounts payable and accrued expenses balance is reduced. Awards made to other organizations that are conditional in nature are not recorded as expenses until the condition has been satisfied. Payments made in advance to other organizations for which conditions have not yet been satisfied are classified as "third party advances" in the statements of financial position. As the conditions are satisfied, expenses are recorded in the statements of activities and the third-party advances are reduced. As of December 31, 2020, the Organization did not make any payments in advance.

3. Liquidity and Availability

The Organization's cash and cash equivalents and accounts receivable, totaling \$1,314,727 are available for general expenditure within one year of December 31, 2020. The Organization manages its financial assets to be available as its operating expenditures, liability and other obligations come due.

4. Concentration of Credit

The Organization manages deposit concentration risk by placing cash with financial institutions believed by us to be creditworthy. Accounts at each local financial institution are insured by the Federal Deposit Insurance Company ("FDIC") up to \$250,000. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced with these accounts.

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Notes to Combined Financial Statements

5. Related Parties

The Organization paid \$30,000 in 2020 to Boys & Girls Clubs of America for providing it with certain staff, financial accounting and conferences.

6. Government Grants and Contracts

During 2020, the Organization recorded revenue totaling \$3,742,868, primarily related to pass through funds from the Indiana Department of Workforce Development, Indiana Department of Education, Indiana Department of Health, and the Lilly Foundation. Of this amount, \$1,390,305 was passed through to member local clubs for leadership training development and support of youth programs during 2020.

7. Coronavirus Outbreak

Coronavirus (“COVID-19”) has impacted the Organization’s operations in many locations since the global pandemic was declared in March 2020. In response, the Organization took counter measures to respond to the needs of the mission. The Organization is utilizing virtual programming to continue to provide resources to all clubs. With COVID-19, the children and communities served by the non-profit industry have experienced an increased demand for assistance. While complying with government mandates, the Organization is partnering with many state and local officials to continue to serve children and families during the crisis. The Organization secured numerous incremental contributions relating to COVID-19 relief to pass through to the clubs so they will receive funding to continue to provide meal services, virtual learning centers and on-site services to the youth. The Organization implemented a virtual work environment, with the exception of some select personnel. Due to the uncertainty of the continued spread of the virus and economic outlook, there may be short-term and long-term implications for operations of the Organization.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2021.

As a response to the COVID-19 pandemic the U.S. federal government passed the Coronavirus, Aid, Relief and Economic Security Act (“CARES Act”) which, among other things, allows employers to defer the deposit and payment of the employer’s share of Social Security taxes. The Organization did not receive any CARES act funding during 2020.

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Notes to Combined Financial Statements

8. Subsequent Events

Subsequent events have been evaluated through October 18, 2021, the date on which the combined financial statements were available for issuance and determined that all significant events and disclosures are included in the combined financial statements.

Supplementary Information

Boys & Girls Clubs in Indiana, Inc.

Statement of Financial Position

| <i>December 31,</i> | | | 2020 |
|----------------------------------|--|----|---------|
| Assets | | | |
| Cash and cash equivalents | | \$ | 763,257 |
| Accounts receivable | | | 13,000 |
| Grants receivable | | | 79,664 |
| <hr/> | | | |
| Total assets | | \$ | 855,921 |
| <hr/> | | | |
| Liabilities | | | |
| Liabilities: | | | |
| Accounts payable | | \$ | 16,054 |
| Due to Clubs | | | 2,544 |
| Refundable advance | | | 357,377 |
| <hr/> | | | |
| Total liabilities | | | 375,975 |
| Net assets: | | | |
| Without donor restrictions | | | 479,946 |
| <hr/> | | | |
| Total net assets | | | 479,946 |
| <hr/> | | | |
| Total liabilities and net assets | | \$ | 855,921 |

Boys & Girls Clubs in Indiana, Inc.

Statement of Activities

| <i>Year Ended December 31,</i> | Total |
|---|-------------------|
| Revenue, gains, and other support without donor restrictions: | |
| Government grants | \$ 1,297,615 |
| Contributions | 5,840 |
| Miscellaneous income | 8,228 |
| Total revenue, gains, and other support without donor restrictions | 1,311,683 |
| Expenses and losses: | |
| Leadership training, development, and support of youth programs | 1,202,133 |
| Management and general | 11,943 |
| Total expenses | 1,214,076 |
| Change in net assets without donor restrictions | 97,607 |
| Net assets without donor restrictions, at beginning of year (as restated) | 382,339 |
| Net assets without donor restrictions, at end of year | \$ 479,946 |

Boys & Girls Clubs in Indiana, Inc.

Statement of Cash Flows

| <i>Year Ended December 31,</i> | 2020 |
|--|-------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ 97,607 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Increase in accounts receivable | (13,000) |
| Increase in grants receivable | (35,463) |
| Increase in accounts payable | 16,054 |
| Increase in grant due to Clubs | 2,544 |
| Increase in refundable advances | 357,377 |
| Net cash provided by operating activities | 425,119 |
| Cash and cash equivalents: | |
| Beginning of year | 338,138 |
| End of year | \$ 763,257 |

Boys & Girls Clubs in Indiana, Inc.

Statement of Functional Expenses

| <i>Year Ended December 31, 2020</i> | Program Services Leadership Training, Development, and Support of Youth | Management and General | Total Expenses and Losses |
|-------------------------------------|--|---------------------------|---------------------------------|
| Contractual services | \$ 112,970 | \$ 9,050 | \$ 122,020 |
| Contractual services - Payroll | 1,059,805 | - | 1,059,805 |
| Other supplies | 20,096 | - | 20,096 |
| Marketing and subscriptions | 250 | - | 250 |
| Telephone | 36 | - | 36 |
| Training and conferences | 3,900 | - | 3,900 |
| Awards and grants | 3,122 | - | 3,122 |
| Other grant expenses | 1,001 | - | 1,001 |
| Miscellaneous | 953 | 2,893 | 3,846 |
| Total | \$ 1,202,133 | \$ 11,943 | \$ 1,214,076 |

Indiana Alliance of Boys & Girls Clubs, Inc.

Statement of Financial Position

| <i>December 31,</i> | 2020 |
|---|----------------|
| Assets | |
| Cash and cash equivalents | 536,470 |
| Accounts receivable | 2,000 |
| Grants receivable | 139,656 |
| Other assets | 4,815 |
| Total assets | 682,941 |
| Liabilities | |
| Liabilities: | |
| Accounts payable | 81,694 |
| Due to Clubs | 149,040 |
| Total liabilities | 230,734 |
| Net assets: | |
| Without donor restrictions | 452,207 |
| Total liabilities and net assets | 682,941 |

Indiana Alliance of Boys & Girls Clubs, Inc.

Statement of Activities

| <i>Year Ended December 31,</i> | 2020 |
|---|-------------------|
| Revenue, gains, and other support without donor restrictions: | |
| Government grants | \$ 2,445,253 |
| Members fees and dues | 73,500 |
| Contributions | 1,000 |
| Miscellaneous income | 5,302 |
| Total revenue, gains, and other support without donor restrictions | 2,525,055 |
| Expenses and losses: | |
| Leadership training, development, and support of youth programs | 2,479,038 |
| Management and general | 117,475 |
| Total expenses | 2,596,513 |
| Change in net assets without donor restrictions | (71,458) |
| Net assets without donor restrictions, at beginning of year (as restated) | 523,665 |
| Net assets without donor restrictions, at end of year | \$ 452,207 |

Indiana Alliance of Boys & Girls Clubs, Inc.

Statement of Cash Flows

| <i>Year Ended December 31,</i> | 2020 |
|--|-------------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ (71,458) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Increase in accounts receivable | (2,000) |
| Decrease in grants receivable | 201,018 |
| Decrease in other assets | 6,717 |
| Increase in accounts payable | 81,694 |
| Increase in due to Clubs | 121,820 |
| Net cash provided by operating activities | 337,791 |
| Cash and cash equivalents: | |
| Beginning of year | 198,679 |
| End of year | \$ 536,470 |

Indiana Alliance of Boys & Girls Clubs, Inc.

Statement of Functional Expenses

| <i>Year Ended December 31, 2020</i> | Program Services Leadership Training, Development, and Support of Youth | Management and General | Total Expenses and Losses |
|-------------------------------------|--|---------------------------|---------------------------------|
| Contractual services | \$ - | \$ 108,496 | \$ 108,496 |
| Contractual services - Payroll | 118,911 | 1,876 | 120,787 |
| Program supplies - Food | 764,671 | - | 764,671 |
| Program supplies | 90,194 | - | 90,194 |
| Other supplies | 8,593 | - | 8,593 |
| Marketing and subscriptions | 1,853 | - | 1,853 |
| Telephone | 6,018 | - | 6,018 |
| Postage and shipping | 1,016 | - | 1,016 |
| Employee fees | 2,842 | - | 2,842 |
| Travel | 10,540 | - | 10,540 |
| Training and conferences | 11,936 | - | 11,936 |
| Awards and grants | 1,387,183 | - | 1,387,183 |
| Other grant expenses | 69,349 | - | 69,349 |
| Other - Depreciation | - | 6,717 | 6,717 |
| Miscellaneous | 5,932 | 386 | 6,318 |
| Total | \$ 2,479,038 | \$ 117,475 | \$ 2,596,513 |



**Indiana Alliance of Boys & Girls
Clubs, Inc. and Boys & Girls Clubs in
Indiana, Inc.**

Schedule of Expenditures of Federal Awards
and Reports Required by *Government
Auditing Standards* and the Uniform
Guidance

Year Ended December 31, 2020

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

Schedule of Expenditures of Federal Awards and Reports Required by
Government Auditing Standards and the Uniform Guidance
Year Ended December 31, 2020

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Contents

| | |
|---|-------|
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 3-4 |
| Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance | 5-7 |
| Schedule of Expenditures of Federal Awards | 8 |
| Notes to Schedule of Expenditures of Federal Awards | 9 |
| Schedule of Findings and Questioned Costs | 10-15 |
| Management's Corrective Action Plan | 16-17 |



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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*

The Board of Directors
Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of the Indiana Alliance of Boys & Girls Clubs, Inc. (the “Alliance”) and Boys & Girls Clubs in Indiana, Inc. (“BGCIN”) (together, the “Organization”), which comprise the combined statement of financial position as of December 31, 2020, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 15, 2021.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined 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 combined 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s combined 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, 2020-002, 2020-003, and 2020-004 that we consider to be significant deficiencies.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined 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 combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 auditing procedures applied in the audit of the combined financial statements and, accordingly, we express no opinion on it.

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.

BDO USA, LLP

October 18, 2021



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Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors
Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Indiana Alliance of Boys & Girls Clubs, Inc. (the “Alliance”) and Boys & Girls Clubs in Indiana, Inc.’s (“BGCIN”) (together, the “Organization”) 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, 2020. 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 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, 2020.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the combined financial statements of the Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc. as of and for the year ended December 31, 2020, and have issued our report thereon dated October 15, 2021, which contained an unmodified opinion on those combined financial statements. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

BDO USA, LLP

March 31, 2022

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020**

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA/CFSA Number | Pass-through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|---|--------------------------------|--|---------------------------------|----------------------------------|
| U.S. Department of Education: | | | | |
| Pass-Through from the Indiana Department of Education Twenty-First Century Community Learning Centers | 84.287 | S287C180014 | \$ 8,285 | \$ 450,051 |
| COVID-19 Elementary and Secondary School Emergency Relief Fund | 84.425D | S425D200013 | - | 51,012 |
| Total U.S. Department of Education | | | 8,285 | 501,063 |
| U.S. Department of Health and Human Services: | | | | |
| Pass-Through from the Indiana Department of Workforce Development Temporary Assistance for Needy Families | 93.558 | 2001INTANF | 1,053,610 | 1,370,467 |
| Pass-Through from the Indiana State Department of Health Maternal and Child Health Services Block Grant | 93.994 | B04MC32539 | 123,304 | 163,138 |
| Total U.S. Department of Health and Human Services | | | 1,176,914 | 1,533,605 |
| Corporation for National and Community Service | | | | |
| Pass-Through from the Indiana Department of Workforce Development Americorps | 94.006 | 18AFHIN001 | - | 611,000 |
| Total Corporation for National and Community Service | | | - | 611,000 |
| U.S. Department of Agriculture: | | | | |
| Pass-Through from the Indiana Department of Education Child and Adult Care Food Program | 10.558 | 1700001 | - | 581,809 |
| Summer Food Service Program | 10.559 | 1700001 | - | 70,724 |
| Total U.S. Department of Agriculture | | | - | 652,533 |
| Total expenditures of federal awards | | | \$ 1,185,199 | \$ 3,298,201 |

See accompanying notes to schedule of expenditures of federal awards.

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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.

3. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

4. Indirect Cost Rate

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

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2020**

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued (on whether the combined financial statements audited were prepared in accordance with GAAP):

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 federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.558
94.006

Temporary Assistance for Needy Families
AmeriCorps

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

Indiana Alliance of Boys & Girls Clubs, Inc. and Boys & Girls Clubs in Indiana, Inc.

Schedule of Findings and Questioned Costs Year Ended December 31, 2020

Section II—Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting.

FINDING 2020-001

Criteria:

Grant funds received in advance of satisfying grant conditions are recorded in a liability account, such as “Cash Advances for Grants” or “Deferred Revenue”.

Condition:

We noted that significant audit adjustments were made to correct how grant funds received in advance were recorded due to the Organization incorrectly recording these advances as grant revenues before earned.

Cause:

The Organization does not have sufficient controls in place to prevent or detect errors in the timing of revenue recognition or recognition of liabilities related to grant funds received.

Effect or Potential Effect:

Significant audit adjustments were identified.

Recommendation:

We believe that the occurrence of these adjustments could have been reduced, if not totally avoided, had the Organization performed an analysis of grants by type (“cash advance”, “expense reimbursement”, “unconditional awards”, etc.), as well as tracking of grant conditions to assess appropriate timing of revenue recognition. The Organization could also perform an analysis of material cash debits (receipts) to assess whether the related credit should be to revenue, a receivable, or a liability, based on the underlying grant agreement(s).

Views of Responsible Officials:

The Alliance will review grant agreements and revenue remaining at year-end to identify amounts that need to be included in revenue, a receivable or a liability.

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2020**

FINDING 2020-002

Criteria:

The general ledger and the data used to create the Organization's Statement of Functional Expenses ("SOFE") should be reviewed to ensure consistency in the creation of the Organization's financial statements.

Condition:

We noted that significant adjustments were made to correct the classification of functional expenses during the year.

Cause:

The Organization does not have sufficient internal controls in place to prevent or detect errors in the review of its general ledger data and/or the creation of its financial statements.

Effect or Potential Effect:

Potential misclassifications due to improper general ledger entries for expenses could occur in the presentation of the year-end financial statements.

Recommendation:

We believe that the occurrence of these adjustments could have been reduced, if not totally avoided, had the general ledger and SOFE been thoroughly analyzed and reviewed during the preparation of the year-end financial statements. In addition, management should implement a process and internal controls to reconcile and review classifications for expenses on at least an annual basis. This process and the internal controls would ensure expenses are classified in the proper category.

Views of Responsible Officials:

Management will implement a new formal review process related to the specific classification or mapping of all general ledger accounts in the preparation of the annual financial statements.

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2020**

FINDING 2020-003

Criteria:

The Organization should periodically review accounting pronouncements and ensure that adequate disclosures related to new accounting pronouncements (including adoption thereof) are presented in the notes to the annual financial statements.

Condition:

We noted that the Organization lacked adequate or appropriate disclosures relating to the adoption of Accounting Standards Codification (“ASC”) 606 and Accounting Standards Update 2018-08.

Cause:

The Organization does not have sufficient internal controls in place to prevent or detect errors or omissions relating to significant, appropriate accounting pronouncements and adoption of these pronouncements.

Effect or Potential Effect:

Significant audit adjustments were identified. Potential omissions of critical changes in accounting policy in compliance with US Generally Accepted Accounting Principles (“US GAAP”); potential material reclassifications and potential restatements of prior year financial statement information due to inadequate disclosure and implementation.

Recommendation:

We believe that the occurrence of these omissions relating to accounting pronouncements could have been reduced, if not totally avoided, had the Organization thoroughly researched and reviewed any required disclosures relating to implementation. In addition, management should implement a process and internal controls to review new or recent accounting pronouncements, and to assess adequacy of disclosures, on at least an annual basis. This would ensure that disclosures and presentation of financial statement information are substantially in line with current US GAAP.

Views of Responsible Officials:

Management will implement a process to review new accounting pronouncements and assess adequacy of disclosures in the preparation of the annual financial statements. We will consult with external accounting firms where needed for technical assistance in the interpretation of emerging accounting guidance.

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2020**

FINDING 2020-004

Criteria:

Upon receipt of any revenues, the Organization should review related documentation to assess the most appropriate revenue stream in which to classify the revenues and record this accordingly within their accounting records.

Condition:

We noted that significant adjustments were made to correct the revenue stream within which certain revenues were recognized during the year.

Cause:

The Organization does not have sufficient controls in place to prevent or detect errors related to its reporting of revenues by revenue streams.

Effect or Potential Effect:

Potential misclassifications due to improper general ledger entries for revenues could occur in the presentation of the year-end financial statements.

Recommendation:

We believe that the occurrence of these adjustments could have been reduced, if not totally avoided, had there been a review process over how revenues were recorded at the time of input. In addition, management should implement a process to periodically review classifications for revenues on at least an annual basis. This process would ensure revenues are classified in the proper category.

Views of Responsible Officials:

BGCA fiscal agent team will work in conjunction with the Alliance to confirm that all revenue is reviewed by grant to determine the correct classification on at least an annual basis, using grant agreements and other resources available to record in the appropriate account and period.

**Indiana Alliance of Boys & Girls Clubs, Inc. and
Boys & Girls Clubs in Indiana, Inc.**

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2020**

Section III—Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by CFR 200.516(a) (for example, significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs and significant instances of abuse).

No federal award findings or questioned costs were identified as part of our procedures.



**BOYS & GIRLS CLUBS
OF AMERICA**

**Management's Corrective Action Plan
Year Ended December 31, 2020**

FINDING 2020-001

Name of Responsible Individual(s): Jason Penegar, Vice President, Controller; Shelby Mahoney, Accounting Manager; Lana Taylor, Alliance Director

Corrective Action: The Alliance will review grant agreements and revenue remaining at year-end to identify amounts that need to be included in revenue, a receivable or a liability.

Anticipated Completion Date: December 31, 2021

FINDING 2020-002

Name of Responsible Individual(s): Jason Penegar, Vice President, Controller; Shelby Mahoney, Accounting Manager

Corrective Action: Management will implement a new formal review process related to the specific classification or mapping of all general ledger accounts in the preparation of the annual financial statements.

Anticipated Completion Date: December 31, 2021

FINDING 2020-003

Name of Responsible Individual(s): Jason Penegar, Vice President, Controller; Shelby Mahoney, Accounting Manager

Corrective Action: Management will implement a process to review new accounting pronouncements and assess adequacy of disclosures in the preparation of the annual financial statements. We will consult with external accounting firms where needed for technical assistance in the interpretation of emerging accounting guidance.

Anticipated Completion Date: December 31, 2021



**BOYS & GIRLS CLUBS
OF AMERICA**

**Management's Corrective Action Plan
Year Ended December 31, 2020**

FINDING 2020-004

Name of Responsible Individual(s): Jason Penegar, Vice President, Controller; Shelby Mahoney, Accounting Manager

Corrective Action: BGCA fiscal agent team will work in conjunction with the Alliance to confirm that all revenue is reviewed by grant to determine the correct classification on at least an annual basis, using grant agreements and other resources available to record in the appropriate account and period.

Anticipated Completion Date: December 31, 2021