

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2023

Boys and Girls Club of Rosebud, Inc.

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Independent Auditor's Report

To the Board of Directors
Boys and Girls Club
of Rosebud, Inc.
Mission, South Dakota

Opinion

We have audited the accompanying financial statements of the **Boys and Girls Club of Rosebud, Inc.**, (a nonprofit organization), (the Club) which comprise the statement of financial position as of December 31, 2023, and 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 Club as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Club and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Club's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud 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 Club's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonable of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

Report on Summarized Comparative Information

We have previously audited the Club's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wohlberg Ritzman + Co., LLC

Yankton, South Dakota
June 13, 2024

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR DECEMBER 31, 2022

Assets		
	2023	2022
Current Assets		
Cash and cash equivalents	\$ 1,345,523	\$ 901,772
ERC tax credit receivable	-	229,477
Total current assets	<u>1,345,523</u>	<u>1,131,249</u>
Property and Equipment		
Construction in progress	316,398	813
Building improvements	352,927	352,927
Furniture and equipment	65,078	65,078
Vehicles	143,453	143,453
Less accumulated depreciation	<u>(263,390)</u>	<u>(224,705)</u>
Total property and equipment	<u>614,466</u>	<u>337,566</u>
Other Assets		
Beneficial interest in South Dakota Community Foundation	<u>99,219</u>	<u>91,292</u>
Total other assets	<u>99,219</u>	<u>91,292</u>
Total assets	<u>\$ 2,059,208</u>	<u>\$ 1,560,107</u>
Liabilities and Net Assets		
Current Liabilities		
Construction contracts payable	\$ 336,398	\$ -
Credit card payable	-	10,617
Accrued payroll and related liabilities	<u>460</u>	<u>410</u>
Total current liabilities	<u>336,858</u>	<u>11,027</u>
Net Assets		
With donor restrictions	74,980	-
Without donor restrictions:		
Board Designated - South Dakota Community Foundation	99,219	91,292
Undesignated	<u>1,548,151</u>	<u>1,457,788</u>
Total net assets without donor restrictions	<u>1,647,370</u>	<u>1,549,080</u>
Total net assets	<u>1,722,350</u>	<u>1,549,080</u>
Total liabilities and net assets	<u>\$ 2,059,208</u>	<u>\$ 1,560,107</u>

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

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

	2023			2022 Total
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total	
Revenues, Gains and Other Support				
Tribal donations	\$ 36,433	\$ -	\$ 36,433	\$ 32,814
Business donations	26,177	-	26,177	29,538
Grant revenue	900,543	115,000	1,015,543	671,320
Contributions	122,890	-	122,890	469,827
Investment income (loss)	<u>20,478</u>	<u>-</u>	<u>20,478</u>	<u>(9,287)</u>
Total revenues, gains and other support	<u>1,106,521</u>	<u>115,000</u>	<u>1,221,521</u>	<u>1,194,212</u>
Expenses				
Program activities	717,038	-	717,038	701,313
General and administrative	<u>331,213</u>	<u>-</u>	<u>331,213</u>	<u>287,993</u>
Total expenses	<u>1,048,251</u>	<u>-</u>	<u>1,048,251</u>	<u>989,306</u>
Reclassification of Net Assets				
Net assets released from restrictions - restrictions satisfied by payments	<u>40,020</u>	<u>(40,020)</u>	<u>-</u>	<u>-</u>
Change in net assets	98,290	74,980	173,270	204,906
Net assets - beginning of year	<u>1,549,080</u>	<u>-</u>	<u>1,549,080</u>	<u>1,344,174</u>
Net assets - end of year	<u>\$ 1,647,370</u>	<u>\$ 74,980</u>	<u>\$ 1,722,350</u>	<u>\$ 1,549,080</u>

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

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

	2023			2022
	Program Activities	General and Administrative	Total	Total
Payroll:				
Salaries	\$ 416,629	\$ 138,876	\$ 555,505	\$ 576,241
Payroll taxes	33,557	11,186	44,743	47,078
Employee benefits	-	10,467	10,467	13,122
Total payroll	<u>450,186</u>	<u>160,529</u>	<u>610,715</u>	<u>636,441</u>
Other:				
Supplies	123,629	-	123,629	140,473
Professional services	-	70,515	70,515	22,386
Youth activities	51,944	-	51,944	20,625
Depreciation	29,014	9,671	38,685	34,058
Facilities and equipment	26,981	8,994	35,975	16,590
Utilities	-	35,307	35,307	29,715
Fundraising	-	25,361	25,361	5,132
In-kind rent	11,571	3,857	15,428	15,428
Transportation	14,388	-	14,388	21,435
Insurance	9,325	3,108	12,433	17,742
Dues, memberships & subscriptions	-	5,870	5,870	5,370
Travel	-	4,512	4,512	21,579
Advertising	-	1,909	1,909	70
Postage and delivery	-	1,516	1,516	1,658
Bank charges	-	64	64	39
Penalties	-	-	-	275
Administrative	-	-	-	270
Administrative - Secretary of State	-	-	-	20
Total other	<u>266,852</u>	<u>170,684</u>	<u>437,536</u>	<u>352,865</u>
Total expenses	<u>\$ 717,038</u>	<u>\$ 331,213</u>	<u>\$ 1,048,251</u>	<u>\$ 989,306</u>

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

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 173,270	\$ 204,906
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	38,685	34,058
Unrealized (gain) loss on investments	1,813	10,142
(Increase) decrease in:		
ERC tax credit receivable	229,477	-
Increase (decrease) in:		
Construction contracts payable	336,398	(5,438)
Credit card payable	(10,617)	805
Accrued payroll	<u>50</u>	<u>(9,912)</u>
Net cash provided by (used in) operating activities	<u>769,076</u>	<u>234,561</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(315,585)	(63,076)
Purchase of investments through reinvestment of dividends, interest, and realized gains	<u>(9,740)</u>	<u>(855)</u>
Net cash provided by (used in) investing activities	<u>(325,325)</u>	<u>(63,931)</u>
Net Change in Cash and Cash Equivalents	443,751	170,630
Cash and Cash Equivalents, beginning of year	<u>901,772</u>	<u>731,142</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 1,345,523</u></u>	<u><u>\$ 901,772</u></u>

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

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Boys and Girls Club of Rosebud, Inc. (the Club) is a nonprofit corporation established to enable all young people, especially those who need it most, to reach their full potential as productive, caring, and responsible citizens.

The goals of the Club include maintaining operational standards set forth by the Boys and Girls Clubs of America; increasing youth membership; increasing youth activities locally and in the surrounding communities; and promoting positive self-identity; good health, character development, and the emotional, social, educational, vocational, and cultural well-being of our youth.

Basis of Accounting

The accompanying financial statements of the Club have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles (GAAP) in the United States of America, following the recommendations of the Financial Accounting Standards Board (FASB).

Summarized Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Club's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair value of all reported assets and liabilities, which represent financial instruments (none of which are held for trading purposes), approximate the carrying values of such amounts.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Club considers all highly liquid investments and deposits, with a term to maturity of three months or less when purchased, to be cash equivalents.

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measurements

The Club defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Club requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The Club also adopted a fair value hierarchy, which prioritizes inputs into three broad levels:

- | | |
|---------|---|
| Level 1 | Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. |
| Level 2 | <p>Inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly. Level 2 Inputs include the following:</p> <ul style="list-style-type: none">• Quoted prices for similar Assets or Liabilities in active markets;• Quoted prices for similar Assets or Liabilities in markets that are not active;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs). <p>If the asset or liability has a specified (or contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs are unobservable inputs for the asset or liability. |

Property and Equipment

The Club capitalizes property and equipment over \$2,000. Lesser amounts are expensed.

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

Revenue, Gains, and Other Support

The Club's revenue, gains, and other support is recognized when received or unconditionally pledged and is recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor or grantor-imposed restrictions. The Club's revenue, gains, and other support that are restricted by the donor are reported as increases in net assets with donor restrictions in the reporting period in which the Club's revenue, gains, and other support are recognized and are reclassified as net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

In-Kind Contributions

The Club has recorded in-kind contributions for space in the statement of activities in accordance with generally accepted accounting principles (GAAP). GAAP requires that only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of GAAP are different than the in-kind requirements of the Club's grant awards. The Club received contributions from nonprofessional volunteers and Board Members during the year, which are not recorded in the statement of activities.

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program activities and supporting services benefited.

Income Taxes

The Club is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Raising Activity

The Club does not maintain a formal fund raising or solicitation department. An ongoing fundraising campaign is being conducted and contributions are being collected. In addition, the program directors compile data and prepare applications necessary to renew and obtain new grants and contributions.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, includes cash and cash equivalents totaling \$1,345,523.

3. CONCENTRATION OF CREDIT RISK - DEPOSITS

The Club maintains its bank deposit balances at two financial institutions. During 2023 deposits were in excess of the amount insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Club's bank balance exceeded the FDIC's insured limits by \$882,026 at December 31, 2023.

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

4. INVESTMENTS

The cost and market value of investment securities is as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Market Value
South Dakota Community Foundation	\$ 89,479	\$ 9,740	\$ -	\$ 99,219
	<u>\$ 89,479</u>	<u>\$ 9,740</u>	<u>\$ -</u>	<u>\$ 99,219</u>

The investment return consists of the following components:

Administrative fee	\$ (1,813)
Unrealized gain (loss)	<u>9,740</u>
	<u>\$ 7,927</u>

5. FAIR VALUE OF ASSETS AND LIABILITIES

The Club measures investment securities at fair value on a recurring basis. The related fair values of these assets are determined as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Interest in South Dakota Community Foundation	\$ -	\$ -	\$ 99,219
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,219</u>

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

5. FAIR VALUE OF ASSETS AND LIABILITIES, continued

The fair value of fixed income mutual funds and equity mutual funds are determined by reference to quoted market prices. The Club used Net Asset Value (NAV) or its equivalent to estimate the fair value of the Interest in South Dakota Community Foundation which does not have a readily determinable fair value. Investments valued at NAV are classified within Level 2 if the Club has the ability to redeem the investment at NAV per share, or its equivalent, at the measurement date or within the near term; otherwise, the investments is classified within Level 3. A reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2023, is presented in Note 6.

6. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

Beneficial interest in assets are held in a South Dakota Community Foundation (SDCF) operational fund. This fund was established by the Club in 2021 for the benefit of the Club. The fair value of the fund was \$99,219 at December 31, 2023.

Variance power was granted to the SDCF to allow the right to modify any restriction or condition on the distribution of the funds for any specified charitable purposes or to specified organizations, if the sole judgement of the governing body of SDCF, such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area. The fund is the exclusive property of the SDCF and the SDCF has the full authority and discretion as to the investment and reinvestment of the assets. The SDCF values securities and other financial instruments on a fair value basis of accounting.

Distributions from the funds shall be in accordance with the spending policies established by the Board of SDCF and shall be paid and distributable at least annually, or more frequently, as the parties may from time to time agree.

In addition to the operational funds noted above, the SDCF also holds additional investments for the Club with a fair value of \$128,514 as of December 31, 2023. These funds are not recognized in the accompanying financial statements, in accordance with generally accepted accounting principles, as the related investments were initially donated, for the benefit of the Club, directly to SDCF by the respective donors. These funds are also subject to the distribution policies as described above.

The SDCF operational funds are established to hold investments in a pooled investment fund to yield more favorable investment returns. The investment and spending policies, as well as the rate of return strategies, of these funds are determined by SDCF. Net assets associated with the operational funds are classified and reported as a separate category of net assets without donor restrictions as transfers to the funds are irrevocable. The net asset composition of the operational funds and changes in fund balance are as follows:

BOYS AND GIRLS CLUB OF ROSEBUD, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

6. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION, continued

Beginning operational fund net assets	\$ 91,292
Appropriation of operational assets for expenditure	<u>7,927</u>
Ending operational fund net assets	<u>99,219</u>
 Net assets without donor restrictions	 <u>\$ 99,219</u>

7. LEASES

The Club uses facilities rent free in Mission and Rosebud, South Dakota that are owned by the Rosebud Sioux Tribe. The implied yearly contribution for the use of these facilities is \$15,428 for the year ended December 31, 2023 and is recognized as in-kind rent on the Statement of Functional Expenses.

8. RELATED PARTY TRANSACTIONS

The Club paid dues of \$4,817 to the Boys & Girls Clubs of America during the year ended December 31, 2023.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Sky Ranch Foundation and the Vucurevich Foundation require a final report with a breakdown of how the funds were used. Eligibility for future funding is contingent upon receipt and satisfactory review of this report. Total donor restrictions are \$74,980.

10. SUBSEQUENT EVENTS

Events occurring after December 31, 2023 were evaluated by management on June 13, 2024, the date the financial statements were available to be issued, to ensure that any subsequent events that met the criteria for recognition and/or disclosure in these financial statements have been included. There are no significant events needing disclosure.