

ELKO BOYS AND GIRLS CLUBS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**ELKO BOYS AND GIRLS CLUBS, INC.
DECEMBER 31, 2022 AND 2021**

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities – For the Years Ended December 31, 2022 and 2021	4-5
Statements of Functional Expenses – For the Years Ended December 31, 2022 and 2021	6-7
Statements of Cash Flows – For the Years Ended December 31, 2022 and 2021	8
Notes to Financial Statements	9-15
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 Governmental Auditing Standards	16-17



Mahlke Hunsaker & Company PLLC

C e r t i f i e d P u b l i c A c c o u n t a n t s

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Elko Boys and Girls Clubs, Inc
Elko, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Elko Boys and Girls Club, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, 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 present fairly, in all material respects, the financial position of the Elko Boys and Girls Club, Inc. as of December 31, 2022 and 2021, 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 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 Elko Boys and Girls Club, Inc. 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Elko Boys and Girls Club, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Elko Boys and Girls Club, Inc.'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2023, on our consideration of the Elko Boys and Girls Club, Inc.'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 Elko Boys and Girls Club, Inc.'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 Elko Boys and Girls Club, Inc.'s internal control over financial reporting and compliance.

Mahlke Hunsaker & Co.

Twin Falls, Idaho

July 17, 2023

ELKO BOYS AND GIRLS CLUBS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets		
Cash	\$ 3,519,486	\$ 4,488,322
Prepaid Insurance	6,423	6,423
Accounts and Pledges Receivable	424,281	198,426
Total Current Assets	3,950,190	4,693,172
 Property and Equipment		
Land	141,155	141,155
Buildings and Construction in Progress	13,275,843	8,138,745
Equipment and Software	1,859,236	907,499
Feasibility Studies	-	112,601
Less: Accumulated Depreciation/Amortization	(1,424,580)	(1,335,361)
Total Property and Equipment	13,851,654	7,964,639
 TOTAL ASSETS	 \$ 17,801,844	 \$ 12,657,811
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 143,581	\$ 219,855
Accrued Payroll Expenses	19,715	17,216
Total Current Liabilities	163,296	237,071
 Net Assets		
Without Donor Restrictions	15,034,084	8,602,516
With Donor Restrictions	2,604,465	3,818,222
Total Net Assets	17,638,548	12,420,739
 TOTAL LIABILITIES AND NET ASSETS	 \$ 17,801,844	 \$ 12,657,811

See accompanying notes and accountants' report.

ELKO BOYS AND GIRLS CLUBS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
SUPPORT AND REVENUE			
Support			
Contributions	\$ 291,521	\$ 5,047,756	\$ 5,339,277
Grants and Contracts	-	639,821	639,821
Fundraising Activities	534,871	-	534,871
In-Kind Donations	483,200	-	483,200
Miscellaneous	293,811	-	293,811
Total Support	<u>1,603,403</u>	<u>5,687,577</u>	<u>7,290,980</u>
Revenue			
Membership Dues	343,115	-	343,115
Interest Earned	205	-	205
Total Revenue	<u>343,320</u>	<u>-</u>	<u>343,320</u>
Total Support and Revenue	1,946,723	5,687,577	7,634,300
Net Assets Released from Restrictions	<u>6,901,334</u>	<u>(6,901,334)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	8,848,057	(1,213,757)	7,634,300
EXPENSES			
Program Service	1,460,425	-	1,460,425
General and Administration	379,438	-	379,438
Fund Raising	576,626	-	576,626
TOTAL EXPENSES	<u>2,416,490</u>	<u>-</u>	<u>2,416,490</u>
CHANGE IN NET ASSETS	6,431,568	(1,213,757)	5,217,810
Net Assets, January 1, 2022	<u>8,602,516</u>	<u>3,818,222</u>	<u>12,420,738</u>
Net Assets, December 31, 2022	<u>\$ 15,034,084</u>	<u>\$ 2,604,465</u>	<u>\$ 17,638,548</u>

See accompanying notes and accountants' report.

ELKO BOYS AND GIRLS CLUBS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
SUPPORT AND REVENUE			
Support			
Contributions	\$ 275,930	\$ 5,631,381	\$ 5,907,311
Employee Retention Credit	79,376		79,376
Grants and Contracts	-	481,368	481,368
Fundraising Activities	482,384	-	482,384
In-Kind Donations	547,700	-	547,700
Miscellaneous	40,277	-	40,277
Total Support	<u>1,425,667</u>	<u>6,112,749</u>	<u>7,538,416</u>
Revenue			
Membership Dues	252,729	-	252,729
Interest Earned	5	-	5
Total Revenue	<u>252,734</u>	<u>-</u>	<u>252,734</u>
Total Support and Revenue	1,678,401	6,112,749	7,791,150
Net Assets Released from Restrictions	<u>2,317,815</u>	<u>(2,317,815)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	3,996,216	3,794,934	7,791,150
EXPENSES			
Program Service	1,253,322	-	1,253,322
General and Administration	277,027	-	277,027
Fund Raising	518,296	-	518,296
TOTAL EXPENSES	<u>2,048,645</u>	<u>-</u>	<u>2,048,645</u>
CHANGE IN NET ASSETS	1,947,571	3,794,934	5,742,505
Net Assets, January 1, 2021	<u>6,654,946</u>	<u>23,288</u>	<u>6,678,234</u>
Net Assets, December 31, 2021	<u>\$ 8,602,516</u>	<u>\$ 3,818,222</u>	<u>\$ 12,420,739</u>

See accompanying notes and accountants' report.

ELKO BOYS AND GIRLS CLUBS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	Support Services			2022 Total
	Program Services	General and Administrative	Fund Raising	
EXPENSES:				
Compensation:				
Salaries and Wages	\$ 670,342	\$ 205,922	\$ -	\$ 876,264
Payroll Taxes	59,005	18,126	-	77,130
Health Insurance	15,953	47,860	-	63,813
Training	14,723	-	-	14,723
Advertising	24,756			24,756
Bank Charges	19,665	4,235	2,320	26,220
Depreciation and Amortization	186,387	9,810	-	196,197
Dues and Subscriptions	16,020	-	-	16,020
In-Kind Expenses:				
Annual Fundraising Dinner	-	-	395,700	395,700
Other	46,000	41,500	-	87,500
Insurance	7,099	789	-	7,888
Legal and Professional	48,015	-	-	48,015
Postage and Printing	-	334	1,002	1,336
Program Transportation	7,354	-	-	7,354
Repairs and Maintenance	33,733	3,748	-	37,481
Special Events	-	-	177,604	177,604
Supplies	249,138	33,973	-	283,111
Telephone	10,414	10,414	-	20,828
Utilities	51,821	2,727	-	54,549
TOTALS	\$ 1,460,425	\$ 379,438	\$ 576,626	\$ 2,416,490

See accompanying notes and accountants' report.

ELKO BOYS AND GIRLS CLUBS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	Support Services			2021 Total
	Program Services	General and Administrative	Fund Raising	
EXPENSES:				
Compensation:				
Salaries and Wages	\$ 548,064	\$ 168,360	\$ -	\$ 716,424
Payroll Taxes	47,684	14,648	-	62,332
Health Insurance	13,048	39,145	-	52,193
Training	19,717	-	-	19,717
Advertising	19,718			19,718
Bank Charges	17,825	2,502	3,440	23,766
Depreciation and Amortization	194,969	10,262	-	205,231
Dues and Subscriptions	9,478	-	-	9,478
In-Kind Expenses:				
Annual Fundraising Dinner	-	-	379,000	379,000
Other	28,700	-		28,700
Insurance	9,264	1,029	-	10,293
Legal and Professional	34,692	-	-	34,692
Postage and Printing	-	292	875	1,167
Program Transportation	20,000	-	-	20,000
Repairs and Maintenance	83,140	9,238	-	92,378
Special Events	-	-	134,981	134,981
Supplies	158,725	21,644	-	180,369
Telephone	7,776	7,776	-	15,552
Utilities	40,522	2,133	-	42,655
	<u>\$ 1,253,322</u>	<u>\$ 277,027</u>	<u>\$ 518,296</u>	<u>\$ 2,048,645</u>

See accompanying notes and accountants' report.

ELKO BOYS AND GIRLS CLUBS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	\$ 5,217,810	\$ 5,742,505
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	196,197	205,231
(Increase) Decrease in:		
Receivables	(225,855)	(155,759)
Prepaid Insurance	-	301
Increase (Decrease) in:		
Accounts Payable	(76,275)	214,270
Accrued Expenses	2,498	770
Net Cash Provided by Operating Activities	5,114,375	6,007,318
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(6,083,212)	(2,280,408)
Net Cash Used by Investing Activities	(6,083,212)	(2,280,408)
Cash Flows from Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(968,837)	3,726,910
Cash Balance, January 1	4,488,323	761,413
Cash Balance, December 31	\$ 3,519,486	\$ 4,488,323
 Supplemental Schedule of NonCash Investing and Financing Activities:		
Facilities, supplies and services acquired through donation of in-kind services	\$ 483,200	\$ 547,700

See accompanying notes and accountants' report.

ELKO BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Boys and Girls Clubs of Elko, Inc. (the Club) is presented to assist the reader in understanding the Club's financial statements. The financial statements and notes are representations of the Club's management, who is responsible for their integrity and objectivity.

Business Activity and History

The Boys and Girls Clubs of Elko, Inc. was established in 1996 in Elko, Nevada as a nonprofit organization. Its mission is to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible, and caring citizens. The Club serves youth ages 6 through 17 and currently operates out of a facility located in Elko, Nevada, and has operations in Wells, Nevada.

Basis of Accounting

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

Basis of Presentation

The Club has adopted the Accounting Standard Codification (ASC) No. 958-205-45, "Financial Statements of Not-for-Profit-Organizations". Under ASC 958-205-45, the Club is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Club is also required to present a statement of cash flows.

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management to fulfill the mission and vision of the Club. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets with Donor Restrictions – Net assets subject to donor-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 the 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 resource was restricted has been fulfilled, or both.

Revenues are reported as increases in without donor restriction net asset unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in without donor restriction net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in without donor restriction net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Other Financial Instruments

Recorded amounts for other receivables, prepaid expenses and other assets, and accounts payable, accrued expenses, and other liabilities approximate fair value.

ELKO BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and on deposit and all highly liquid investments with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those investments.

Accounts Receivable

The Club collects busing and membership fees from the youth it provides services for. The parents of the youths are billed monthly for the use of the facilities and for specific programs. Some of the families are not able to afford some or all the fees, and the board feels that they will not turn away kids, so they offer them scholarships to offset the fees. The Club also has a list of boosters that have committed to support a fixed amount of dollars each year.

Property and Equipment

Generally, items of property and equipment with at carrying value in excess of \$1,000 are capitalized and reported at cost when purchased, and initially at fair value when acquired by gift. Depreciation is generally provided on a straight-line basis over the estimated useful lives of the respective assets which ranges between 5 and 50 years. When items are retired, sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations. The cost of maintenance and repairs is charged to expense when incurred.

Compensated Absences

The Club recorded an accrual for the accumulated unused vacation benefits in the amounts of \$0 and \$0 for the years ended December 31, 2022 and 2021, respectively. No compensation for unused sick leave is paid upon termination or retirement; therefore no related liability has been recorded.

Contributions and Grants

Contributions are recognized when a donor makes an unconditional promise to give to the Club. Contributions that are restricted by the donor are reported as increases in without donor restriction net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in with donor restrictions net assets depending on the nature of the restriction. When a restriction expires, with donor restriction net assets are reclassified to without donor restriction net assets.

Grant revenues are recorded as they are earned, according to the provisions of the grant. Normally, grant revenues are earned and received as the grant period progresses. The provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when incurred for a grant-related obligation.

Pledges

Unconditional promises to give (pledges) are recognized as revenue in the period received. All pledges are available for unrestricted use unless specifically restricted by the donor. Bequests are recorded as revenue at the time an unassailable right to the gift has been established and the proceeds are measurable.

Advertising

Advertising costs are expensed as incurred and totaled \$24,756 and \$19,718 for the years ended December 31, 2022 and 2021, respectively.

ELKO BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Functional Expenses

The costs of providing the Club's various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited based on management's estimates of costs associated with the various activities.

Income Tax Status

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

Liquidity Management

The Club has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Club has \$3,943,767 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash of \$3,519,486 and receivables of \$424,281 as of December 31, 2022. The Club had \$4,868,748 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash of \$4,488,322 and receivables of \$198,426 as of December 31, 2021. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

Use of Estimates

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

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterpart, the Club will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The Club does not have a policy for custodial credit risk outside of the deposit and investment agreements.

Concentrations of Credit Risk

Financial Instruments that potentially subject the Club to credit risk consist principally of receivables and cash accounts in financial institutions. The Club has not invested in any cash equivalents. All recorded receivable amounts are from federal or state funded programs or private donations, thus the Club does not anticipate any uncollectible amounts. The Club exceeded the \$250,000 FDIC limits as of December 31, 2022 by \$2,979,460 and by \$4,016,479 as of December 31, 2021. The Club has not experienced any losses in such accounts.

Approximately 27% in 2022 and 26% in 2021 of the Club's unrestricted revenues are derived from special events fundraising. The current level of the Club's operations and program services may be impacted if these special event revenues decline.

**ELKO BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Reclassification

Certain amounts from the prior year have been reclassified to conform to the current year presentation.

Revenue Recognition

The Club recognizes contributions when cash, securities, unconditional promises to give, other assets, or notification of a beneficial interest are received. Conditional contributions and promises to give, that is, those with measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to conditions being met are reported as refundable advances in the statement of financial position.

The Club recognizes contract service fees, certain program service fees, and fund-raising income at a point in time, when they have satisfied their performance obligation, which is when the terms of the contract have been fulfilled or the program and the fund-raising events take place. Amounts received prior to the satisfaction of performance obligations are deferred in the statement of financial position.

The Club recognizes membership dues and certain program fees over time, prorated over the period of time covered by the membership dues or programs.

Program service fees are billed at the time of registration and membership and contract service fees are billed semi-annually. The Club utilizes standard payment terms and invoices are due on demand.

Contributions and Promises to Give

Contributions received or promises to give without donor-imposed restrictions are reflected as net assets without donor restrictions. Contributions received or promises to give with donor-imposed restrictions are reflected as net assets with donor restriction in the accompanying financial statements. Contributions or promises to give with donor-imposed conditions are not recognized as contributions or promises to give in the accompanying financial statements until the period when the conditions are met.

Promises to give that are expected to be received within one year of the financial statement date are reflected at their net realizable value (the gross amount of the promises to give, net of an allowance for uncollectible amounts). Promises to give that are expected to be collected more than one year after the financial statement dated are reflected at the present value of their estimated future cash flows using a discount rate commensurate with the risks involved. Periodic amortization of any discount relating to promises to give is included as a component of contributions revenue in the accompanying financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2022 and 2021 comprised the following:

	<u><u>2022</u></u>	<u><u>2021</u></u>
Cash in Banks	\$ 3,518,886	\$ 4,487,722
Petty Cash	600	600
	<u><u>\$ 3,519,486</u></u>	<u><u>\$ 4,488,322</u></u>

ELKO BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of ASC 825, Financial Instruments. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Organization could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash, receivables, accounts payable and accrued liabilities

The carrying amounts reported in the statement of financial position for cash, receivables, accounts payable and accrued liabilities are a reasonable estimate of their fair value.

NOTE 4 - PROPERTY AND EQUIPMENT

Buildings, furniture and equipment and related depreciation are summarized as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 141,155	\$ 141,155
Buildings & CIP	13,275,843	8,138,745
Furniture & Equipment	1,859,236	907,499
Feasibility Study	-	112,601
Total	<u>15,276,234</u>	<u>9,300,000</u>
Less: Accum Deprec	<u>(1,424,264)</u>	<u>(1,335,361)</u>
Net Fixed Assets	<u>\$ 13,851,970</u>	<u>\$ 7,964,639</u>

Depreciation expense for 2022 and 2021 was \$196,197 and \$205,231.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2022 and 2021 as follows:

Subject to expenditure for specified purposes or period:

	<u>2022</u>	<u>2021</u>
Capital Campaign	<u>\$2,604,465</u>	<u>\$3,818,222</u>

ELKO BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 – CONTINGENCIES

Generally, grants require the fulfillment of certain conditions as set forth in the grant contract. Failure to fulfill the conditions could result in the return of the funds to grantors. The Club’s policy is to determine its ability to meet all required conditions before accepting the grant. Therefore, the Club’s management deems the likelihood of this contingency remote.

NOTE 7 – PLEDGES AND CONTRIBUTIONS RECEIVABLE

A capital campaign began in the year ended December 31, 2021. The club received several very large pledges and contributions over the course of the year ended December 31, 2021. The club recognizes pledges receivable for the next fiscal year at 100% of the pledge. Pledges that are receivable in the next two to five years are discounted to net present value. There were no pledges receivable as of December 31, 2022 and 2021.

NOTE 8 – CONTRIBUTED NONFINANCIAL ASSETS

Goods and services have been provided by various organizations and a number of unpaid volunteers have contributed their time to the Club. Contributions are recognized if the goods or services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized. The contributed nonfinancial assets recognized in the financial statements at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Support:		
Annual Fundrasing Dinner		
Faciltiy and Meals	\$ 45,500	\$ 32,500
Beverages	22,000	23,000
Auction Items	200,000	200,000
Other Fundraisers	128,200	243,500
Program:		
Program, General & Admin	87,500	48,700
Total	<u>\$ 483,200</u>	<u>\$ 547,700</u>

NOTE 9 – LEASE ACCOUNTING

The Club has evaluated the new disclosures required by ASC 842 and determined that there were no material leases that would be required to be calculated and reported in the financial statements.

**ELKO BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 – SUBSEQUENT EVENTS

The Club has considered subsequent events through July 17, 2023 the date the financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements.

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

To the Board of Trustees of
Elko Boys and Girls Clubs, Inc
Elko, Nevada 89801

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Elko Boys and Girls, Clubs, Inc (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Elko Boys and Girls, Clubs, Inc’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Elko Boys and Girls, Clubs, Inc’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Elko Boys and Girls, Clubs, Inc’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elko Boys and Girls, Clubs, Inc's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc
Twin Falls, Idaho

July 17, 2023