



Kenneth K. Dillenbeck CPA, P.C.

AUDITORS' MANAGEMENT LETTER

September 7, 2022

Board of Directors
Boys & Girls Club of OB-EN
1 Pine Hollow Road
Oyster Bay, NY 11771

Dear Gail:

I have recently concluded my audit of the Boys & Girls Club of Oyster Bay-East Norwich for the year ended December 31, 2021. As a result of my audit, I issued an unqualified opinion letter stating that your financial statements presented fairly, in all material respects, the financial position of the Boys & Girls Club of Oyster Bay-East Norwich. In order to reach that conclusion, I examined, on a test basis a number of transactions in the books and records of your Organization. Because my audit was designed to provide reasonable (but not absolute) assurance regarding your financial statements, and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may still exist that were not detected by me. In addition, my audit was not designed to provide assurance on internal control or to identify significant deficiencies in the design or operation of internal control. It is always management's responsibility to maintain effective internal controls over financial reporting and the safeguarding of assets.

Despite the limitations of the audit as described in the above paragraph, during the course of my audit, I did not become aware of any material errors, fraudulent financial reporting or misappropriation of assets. I also did not become aware of any significant deficiencies in the design or operation of internal control. For a small organization, the Boys & Girls Club maintains a segregation of accounting functions that is more than adequate.

Nonetheless, this letter is written in order to communicate to you certain observations that I made during the course of my audit. None are serious in nature, and hopefully any recommendations that I make herein will help streamline the financial operations of your Organization. As usual, I received full cooperation from Director Gail Canavan and all of her staff, and all inquiries I made during the course of my audit were given more than prompt attention. I was fully satisfied with the results of all inquiries.

- 1) In 2021 the Boys and Girls Club of Oyster Bay-East Norwich experienced a net increase in total cash assets of about \$ 385,000. This increase was almost exclusively due to a net increase in cash provided by operating activities. As the Organization recovered from the negative effects of the COVID-19 pandemic, program revenues were significantly increased by about \$ 157,000, from \$ 285,026 in 2020 to \$ 442,813 in 2021. The Organization also received a \$ 45,100 New York State Child Stabilization Grant, thus supplementing its grant income and providing more resources to carry out its mission for 2021 and beyond. Cash available for expenditures as of December 31, 2021 was a robust \$ 1,059,189.
- 2) On April 16, 2021 the Organization received a second Payroll Protection loan in the amount of \$ 145,475. The Organization received full forgiveness of this loan on February 4, 2022. Receipt and the subsequent forgiveness of these loan proceeds provided additional financial stability for the Organization.
- 3) The Boys and Girls Club National conducted a third-party review of the 2020 audited financial statements. As a result of this review, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2014-19, *Revenue from Contracts with Customers (Topic 606 of the FASB Accounting Standards Codification)*. This new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and established a performance obligation approach to revenue recognition.
- 4) During my audit I routinely examine all expense accounts for any unusual fluctuations from the prior year and for any unusual items. When I examined the detailed transactions for the Building Maintenance and Supplies account, I noted items totaling \$ 4,100 that were for an ongoing kitchen renovation. These items were reclassified to a balance sheet account entitled Construction in Progress until such time as the kitchen renovation has been completed. Upon completion of the project, the total cost of the renovations will be depreciated under the appropriate depreciation guidelines. The Building Maintenance and Supplies account did show a significant increase of about \$ 20,000 in the 2021 balance as compared to the 2020 balance. This was mainly due to a roof repair in the amount of \$ 18,950 which was properly expensed on these financial statements.

It has been a pleasure working with your Organization again this year. I appreciate the dedication, professionalism and attention to detail of you and your entire staff.

Sincerely,

Kenneth K. Dillenbeck CPA
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