



Kenneth K. Dillenbeck CPA, P.C.

AUDITORS' MANAGEMENT LETTER

September 12, 2023

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

Dear Jean Marie:

I have recently concluded my audit of the Boys & Girls Club of Oyster Bay-East Norwich for the year ended December 31, 2022. 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. I am happy to say that, despite the transition in leadership as Jean Marie Weiner took over as Executive Director, I was still fully satisfied with the answers to all my inquiries during the term of my audit.

- 1) In 2022 the Boys and Girls Club of Oyster Bay-East Norwich experienced a net decrease in net assets of \$ 681,893; however, it should be noted that this decrease was due exclusively to the decrease in net assets with donor restrictions, which consists of the Club's endowment fund that suffered a significant loss of value during the 2022 year being audited. Despite this significant loss in value, the change in net assets without donor restrictions was a positive \$ 10,125. In addition, the net cash provided by its operating activities of the Club for the year was \$ 12,408. Revenues from Program Fees and Government Grants increased almost \$ 200,000 as compared to the 2021 calendar year. Lastly, total financial assets available to meet cash expenditures were a very healthy \$ 1,109,856 at the end of the year. The Club remains in a healthy financial position.
- 2) 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 various expense account totals, total expenses for the year showed an increase of about \$ 125,000. Most of that increase, about \$ 85,000, was a result of an increase in salaries and payroll related taxes and fringe benefits. As the Club continues to rebound from the negative effects of the pandemic, the increase in revenues as described in item #1 has allowed it to expand its staff and continue to provide much needed services to fulfill its mission to the youth of Oyster Bay-East Norwich. There was also an increase in the dollar amount of scholarships the Club was able to award of about \$ 20,000. This allowed more youth to take advantage of the many services that the Club offers, whereas previously they might not have been able to do so.
- 3) The Club continues to upgrade and modernize its facilities. It has through the end of 2022 invested \$ 65,000 in a major kitchen renovation. This renovation shows up on the financial statements as Construction in Progress. Upon completion of the project, the total cost of the renovations will be depreciated under the appropriate depreciation guidelines. The Club completed a major electrical upgrade to the building of \$ 22,000 and also put down a deposit on the installation of fire-rated gym wall padding, which was completed in 2023. Both of these projects were major safety upgrades to the property. The cost of these two items is shown on the financial statements as Construction in Progress, and their costs will also be depreciated under the appropriate depreciation guidelines.

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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