

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

COMBINED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
MAY 31, 2022



**Ketel Thorstenson, LLP**

Certified Public Accountants/Business & Personal Consultants

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**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS LIMITED PARTNERSHIP**

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## INDEPENDENT AUDITOR'S REPORT

### **Board of Directors**

Rapid City Club for Boys, Inc., Rapid City Club for Boys Foundation, Inc., and Heartland Heights Apartments  
Rapid City, South Dakota

### **Report on the Combined Financial Statements**

#### ***Opinion***

We have audited the accompanying combined financial statements of **RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS.** (the Organization), which comprise the combined statement of financial position as of May 31, 2022, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements. Heartland Heights Apartments consists of Heartland Heights, LLC, Heartland Heights Apartments Limited Partnership, Heartland Heights II, LLC, and Heartland Heights Apartments II Limited Partnership and collectively will be referred to as Heartland Heights Apartments.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2022, 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Combined 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 combined 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 were available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Combined 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 there 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 a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 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 combined financial statements, whether due to fraud or error, and design and perform 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 other internal control matters that we identified during the audit.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 combining financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the combined financial statements as a whole.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2023 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.



KETEL THORSTENSON, LLP  
Certified Public Accountants

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINED STATEMENT OF FINANCIAL POSITION  
MAY 31, 2022**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents (Note 5)	\$ 781,883
Rent Receivables	17,142
Grant Receivables	67,699
Promises to Give, Current Portion (Note 2)	91,533
Prepaid Expenses	37,523
Inventory	72,288
<b>Total Current Assets</b>	<b>1,068,068</b>

<b>Property and Equipment, Net</b> (Notes 2, 3, 8 and 13)	<b>10,130,210</b>
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**Other Assets**

Promises to Give, Net of Current Portion (Note 2)	84,387
Amounts Held by Foundation (Notes 4, 5 and 6)	92,504
Investments (Note 5)	4,192,358
Beneficial Interest in Washburn Trust (Note 4 and 5)	1,541
Cash Surrender Value of Life Insurance	51,724
	<b>4,422,514</b>

<b>TOTAL ASSETS</b>	<b>\$ 15,620,792</b>
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**LIABILITIES, NET ASSETS AND PARTNERSHIP EQUITY**

**Current Liabilities**

Accounts and Retainage Payable (Notes 3 and 8)	708,546
Accrued Payroll and Taxes	78,465
Accrued Vacation	59,619
Accrued Interest	6,379
Security Deposits and Prepaid Rent	20,469
Current Portion of Long Term Debt (Notes 8 and 13)	4,047,494
<b>Total Current Liabilities</b>	<b>4,920,972</b>

<b>Long Term Debt, Net of Current Portion</b> (Notes 8 and 13)	<b>859,303</b>
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**Commitments** (Note 3, 8 and 12)

**Net Assets**

Without Donor Restrictions	
Board Designated Endowment - Operations (Note 6)	4,336,469
Undesignated	4,169,142
	8,505,611
With Donor Restrictions (Note 4)	692,516
<b>Total Net Assets</b>	<b>9,198,127</b>

**Partnership Equity**

Partner's Equity - Heartland Heights (Note 8)	622
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<b>Non-Controlling Interest - Heartland Heights</b>	<b>641,768</b>
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<b>TOTAL LIABILITES, NET ASSETS AND PARTNERSHIP EQUITY</b>	<b>\$ 15,620,792</b>
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The accompanying notes are an integral part of this statement.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MAY 31, 2022**

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

**Revenue and Support**

Contributions	\$ 1,068,877
In-Kind Contributions (Note 11)	1,249,356
Grants (Notes 7 and 8)	968,502
Special Events	421,178
Thrift Store, Net of Cost of Sales of <b>\$1,267,343</b>	86,693
United Way Grant	40,031
Miscellaneous	21,725
Membership Dues	13,039
Rental	3,950
Net Investment Return	(319,291)
Loss on Sale of Property and Equipment	(19,906)
Net Assets Released from Restriction	74,066
<b>Total Revenue and Support</b>	<b>3,608,220</b>

**Functional Expenses (Note 9)**

*Program Services:*

Social/Recreation	177,722
Athletic	342,921
Nutrition	307,144
Education	76,737
Individual Services	252,514
Arts and Crafts	43,953
Outdoor	149,674
Older Boys	92,923
Younger Boys	115,741
Juniors	186,134
Membership	83,136
Special Activities	27,565
Low Income Housing	18,194

*Supporting Services:*

Administration	456,114
Fundraising -- Thrift Store	1,163,901
Fundraising -- Other	201,549

<b>Total Functional Expenses</b>	<b>3,695,922</b>
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<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(87,702)</b>
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**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS LIMITED PARTNERSHIP**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)  
FOR THE YEAR ENDED MAY 31, 2022**

**NET ASSETS WITH DONOR RESTRICTIONS**

**Revenue and Support**

Contributions	163,526
United Way Grants	30,600
Grants	7,500
Net Investment Return	(3,297)
Gain on Beneficial Interest of Trust	2,764
Net Assets Released from Restriction	(74,066)

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**CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS** **127,027**

**TOTAL CHANGE IN NET ASSETS** **39,325**

**NET INCOME ATTRIBUTABLE TO THE NON-CONTROLLING INTEREST** **(641,768)**

**NET ASSETS AND PARTNERSHIP EQUITY -- BEGINNING OF YEAR** **9,781,182**

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**CONTRIBUTED CAPITAL** **20,010**

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**NET ASSETS AND PARTNERSHIP EQUITY -- END OF YEAR** **\$ 9,198,749**

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The accompanying notes are an integral part of this statement.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2022**

	<b>Social/ Recreation</b>	<b>Athletic</b>	<b>Nutrition</b>	<b>Education</b>	<b>Individual Services</b>
<b>Expenses</b>					
Salaries	\$ 102,643	\$ 110,565	\$ 139,561	\$ 41,785	\$ 133,952
Payroll Taxes	7,757	8,860	11,184	3,348	8,556
Employee Benefits (Note 12)	7,472	8,536	10,774	3,226	8,242
<b>Total Payroll Expenses</b>	<b>117,872</b>	<b>127,961</b>	<b>161,519</b>	<b>48,359</b>	<b>150,750</b>
Thrift Store Cost of Goods Sold	-	-	-	-	-
Program Supplies and Other Costs	8,145	7,902	96,565	8,589	92,906
Occupancy	20,509	87,784	19,315	6,005	1,124
Depreciation	20,371	87,193	19,185	5,965	1,116
Professional Fees	461	461	461	461	461
Special Events					
Tree Cost of Sales	-	-	-	-	-
Contract Labor	-	-	-	-	-
Prizes	-	-	-	-	-
Printing	-	-	-	-	-
Supplies	-	-	-	-	-
Food	-	-	-	-	-
Other	-	-	-	-	-
Office	5,822	24,921	5,483	1,705	319
Information Technology	1,889	3,972	1,889	1,889	1,889
Advertising and Promotion	1,003	1,077	1,077	2,114	2,219
Interest and Penalties	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Equipment Maintenance	934	934	934	934	934
Travel	757	757	757	757	757
Staff Training	(41)	(41)	(41)	(41)	39
Conventions and Meetings	-	-	-	-	-
Insurance	-	-	-	-	-
<b>Total Expenses - All Activities - By Function</b>	<b>177,722</b>	<b>342,921</b>	<b>307,144</b>	<b>76,737</b>	<b>252,514</b>
<b>Less Thrift Store Cost of Goods Sold Included With Revenues on the Statement of Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses Included in the Expense Section in the Statement of Activities</b>	<b>\$ 177,722</b>	<b>\$ 342,921</b>	<b>\$ 307,144</b>	<b>\$ 76,737</b>	<b>\$ 252,514</b>

The accompanying notes are an integral part of this statement.

**Program Services**

<b>Arts and Crafts</b>	<b>Outdoor</b>	<b>Older Boys</b>	<b>Younger Boys</b>	<b>Juniors</b>	<b>Membership</b>	<b>Special Activities</b>	<b>Low Income Housing</b>
\$ 20,546	\$ 97,221	\$ 34,209	\$ 61,408	\$ 115,035	\$ 63,721	\$ 3,245	\$ 9,857
1,646	6,853	2,741	4,921	9,218	5,106	260	703
1,586	6,602	2,641	4,741	8,881	4,919	251	-
<b>23,778</b>	<b>110,676</b>	<b>39,591</b>	<b>71,070</b>	<b>133,134</b>	<b>73,746</b>	<b>3,756</b>	<b>10,560</b>
-	-	-	-	-	-	-	-
4,844	14,439	27,024	5,532	17,759	3,445	18,674	-
4,503	7,991	9,151	14,937	12,347	-	699	947
4,473	7,937	9,089	14,836	12,264	-	694	-
461	461	461	461	461	461	461	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,278	2,268	2,598	4,240	3,505	-	198	3,332
1,889	1,889	1,889	1,889	3,341	3,393	438	979
1,077	1,894	1,077	1,126	1,593	-	954	2,145
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5
934	934	934	934	934	934	934	-
757	757	757	757	757	757	757	11
(41)	247	352	(41)	39	400	-	215
-	181	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>43,953</b>	<b>149,674</b>	<b>92,923</b>	<b>115,741</b>	<b>186,134</b>	<b>83,136</b>	<b>27,565</b>	<b>18,194</b>
-	-	-	-	-	-	-	-
<b>\$ 43,953</b>	<b>\$ 149,674</b>	<b>\$ 92,923</b>	<b>\$ 115,741</b>	<b>\$ 186,134</b>	<b>\$ 83,136</b>	<b>\$ 27,565</b>	<b>\$ 18,194</b>

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED MAY 31, 2022**

	<b>Total Program</b>	<b>Administration</b>	<b>Fundraising Thrift Store</b>	<b>Fundraising-Other</b>	<b>Total</b>
<b>Expenses</b>					
Salaries	\$ 933,748	\$ 140,450	\$ 786,250	\$ 116,386	\$ 1,976,834
Payroll Taxes	71,153	10,095	50,610	5,406	137,264
Employee Benefits (Note 12)	67,871	9,242	36,693	5,047	118,853
<b>Total Payroll Expenses</b>	<b>1,072,772</b>	<b>159,787</b>	<b>873,553</b>	<b>126,839</b>	<b>2,232,951</b>
Thrift Store Cost of Goods Sold	-	-	1,267,343	-	1,267,343
Program Supplies and Other Costs	305,824	4,309	16,915	1,570	328,618
Occupancy	185,312	19,206	117,545	1,247	323,310
Depreciation	183,123	19,077	38,511	1,238	241,949
Professional Fees	5,532	135,375	3,815	461	145,183
Special Events					
Tree Cost of Sales	-	-	63,409	4,071	67,480
Contract Labor	-	-	8,780	-	8,780
Prizes	-	-	375	8,314	8,689
Printing	-	-	-	7,907	7,907
Supplies	-	-	3,576	2,965	6,541
Food	-	-	502	853	1,355
Other	-	-	75	10,679	10,754
Office	55,669	6,319	13,503	354	75,845
Information Technology	27,235	9,696	8,849	7,372	53,152
Advertising and Promotion	17,356	1,680	1,914	25,653	46,603
Interest and Penalties (Note 8)	-	44,005	-	-	44,005
Miscellaneous	5	41,693	4	-	41,702
Equipment Maintenance	11,208	934	5,474	934	18,550
Travel	9,095	757	6,278	757	16,887
Staff Training	1,046	7,818	200	335	9,399
Conventions and Meetings	181	3,024	623	-	3,828
Insurance	-	2,434	-	-	2,434
<b>Total Expenses - All Activities - By Function</b>	<b>1,874,358</b>	<b>456,114</b>	<b>2,431,244</b>	<b>201,549</b>	<b>4,963,265</b>
<b>Less Thrift Store Cost of Goods Sold Included With Revenues on the Statement of Activities</b>	<b>-</b>	<b>-</b>	<b>(1,267,343)</b>	<b>-</b>	<b>(1,267,343)</b>
<b>Total Expenses Included in the Expense Section in Statement of Activities</b>	<b>\$ 1,874,358</b>	<b>\$ 456,114</b>	<b>\$ 1,163,901</b>	<b>\$ 201,549</b>	<b>\$ 3,695,922</b>
			<b>Less Foundation</b>		<b>54,953</b>
			<b>Less Heartland Heights</b>		<b>162,182</b>
			<b>Less Thrift Store</b>		<b>1,163,901</b>
<b>Total Expenses Excluding Thrift Store, Foundation and Heartland Heights</b>					<b>\$ 2,314,886</b>

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2022**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 39,325
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</i>	
Depreciation	241,949
Amortization of Deferred Issuance Debt Costs	35,609
Unrealized/Realized Loss on Investments	364,810
Unrealized/Realized Loss on Amounts Held by Foundation	8,192
Gain from Interest in Washburn Trust	(2,764)
Loss from Property and Equipment Disposal	19,906
Net Change in Present Value Discount of Promises to Give	(5,535)
Contributions Restricted for Long Term Purposes	(30,000)
<i>Working Capital Changes Increasing (Decreasing) Cash:</i>	
Rent Receivables	(17,142)
Grant Receivables	(23,926)
Prepaid Expenses	(9,833)
Inventory	(10,709)
Accounts and Retainage Payable	35,077
Accrued Payroll and Taxes	741
Accrued Vacation	(3,589)
Accrued Interest	6,379
Security Deposits and Prepaid Rent	20,469
<b>Net Cash Provided by Operating Activities</b>	<b>668,959</b>

**Cash Flows from Investing Activities**

Proceeds from Sales of Property and Equipment	1,500
Purchases of Property and Equipment	(292,359)
Purchases of Investments Held by Foundation	(101,731)
Sales of Investments Held by Foundation	1,035
Distributions from Washburn Trust	254,437
Purchases of Investments	(1,660,141)
Proceeds from Sales and Maturities of Investments	1,305,903
<b>Net Cash Used in Investing Activities</b>	<b>(491,356)</b>

**Cash Flows From Financing Activities**

Payments of Long Term Debt	(1,327,457)
Proceeds from Long Term Debt	632,000
Capital Contribution - Heartland Heights	20,010
Collections of Contributions For Long-Term Purposes	94,005
<b>Net Cash Used in Investing Activities</b>	<b>(581,442)</b>

**Net Decrease in Cash and Cash Equivalents**

**(403,839)**

**Cash and Cash Equivalents -- Beginning of Year**

**1,185,722**

**Cash and Cash Equivalents -- End of Year**

**\$ 781,883**

**Non Cash Operating, Investing and Financing Activities:**

Construction in Progress and Land Purchase Financed with Construction Note Payable	\$ 5,232,782
Purchase of Property and Equipment in Accounts and Retainage Payable	618,564

**Supplemental Disclosure of Cash Flow Information**

Cash Paid for Interest Net of \$69,456 Capitalized	-
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The accompanying notes are an integral part of this statement.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2022**

**(1) Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities**

Rapid City Club for Boys, Inc. (the Club) is a nonprofit organization that provides behavior guidance and promotes the health, social, educational, vocational, and character development of the boys in the Rapid City area. The Club also operates a thrift store (the Thrift Store) to raise money for Club operations. The Thrift Store is open to the public and sells donated items at a reduced cost. Rapid City Club for Boys Foundation, Inc. (the Foundation) is a nonprofit organization that supports the charitable purposes of the Club.

The Club's mission was expanded in 2021 to foster low-income housing. As part of this mission, construction of a low-income apartment building started in May 2021 and was completed in May 2022 through Heartland Heights Apartments Limited Partnership. Rentals of apartment units started in April 2022. Construction on a second low-income apartment building started in May 2022 through Heartland Heights Apartments II Limited Partnership. Other entities involved in the construction of the low-income apartment buildings are Heartland Heights, LLC, and Heartland Heights II, LLC. Collectively these four entities will be referred to as Heartland Heights Apartments. See Note 8 for additional disclosures.

**Principles of Combination**

The combined financial statements include the accounts of the Club, the Foundation, and Heartland Heights Apartments. The Club approves the selection of certain members of the Board of Directors for the Foundation. The Club also controls the Heartland Heights Apartments (Note 8). All significant inter-organization accounts and transactions between the entities (collectively, the Organization) have been eliminated in combination.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements. Actual results could differ from those estimates.

**Basis of Accounting and Financial Statement Presentation**

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accounts of the Organization are reported in the following net asset categories:

*Net Assets with Donor Restrictions* – Net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). 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 resource was restricted has been fulfilled, or both. Donor-imposed restrictions related to contributions initially deemed conditional follow a simultaneous release policy and are recorded as net assets without donor restrictions if the restrictions expire in the same year the contributions are recognized.

*Net Assets without Donor Restrictions* – Net assets of the Organization that are not subject to donor-imposed restrictions and are available for general operations. The Board of Directors has designated certain net assets without donor restrictions for specific purposes (Note 6).

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(1) Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization's checking accounts and other interest-bearing deposits are maintained in various financial institutions insured by the Federal Deposit Insurance Corporation. The Organization's cash balances may at times exceed federally insured limits; however, management has not experienced any losses in such accounts and does not believe they are exposed to any significant credit risk.

**Inventory**

Inventory consists of items donated to the Thrift Store to be sold. These items (typically used clothing and other household items) are stated at the estimated fair value at the time of donation. Due to the volume of the items received, the Club does not maintain a perpetual inventory system and instead values and records inventory using estimates based on subsequent sales.

**Property and Equipment**

Property and equipment purchases in excess of \$1,500 that have a useful life of greater than one year are capitalized at cost. Donated property and equipment is stated at fair value at the date of the donation. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	7-45
Equipment, Furniture and Vehicles	3-20

**Amounts Held by Foundation**

The Amounts Held by Black Hills Area Community Foundation (BHACF) (Note 5) are invested in accordance with the BHACF's internal investment policies and are recorded at net asset value per share. Investment earnings, to include unrealized and realized gains/losses, benefit general operations unless donor stipulation states otherwise.

**Investments**

The Organization records its investments at fair value with changes in fair value accounted for in the Combined Statement of Activities and Changes in Net Assets. Realized gains and losses from sales of investments are determined on a specific identity basis. Net investment return consists of interest and dividend income, realized and unrealized gains and losses, and external investment expenses. Amounts are recorded in the appropriate net asset accounts based on the existence of donor-imposed restrictions. Donated investments (which may include stocks and bonds) are recorded as revenue at the estimated fair value on the date of contribution.

Investments are managed by professional investment managers whose performance is monitored by management and the Foundation's Board of Directors. Although the fair value of investments is subject to fluctuation on a year-to-year basis, management and the Foundation's Board of Directors believe the investment policies and guidelines are prudent for the long-term welfare of the Organization.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported.

The Organization classifies proceeds from the sale of donated stock in the same manner as donated assets in the combined statement of cash flows, unless the donation is restricted for long-term purposes, in which case the proceeds are considered an investing activity.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(1) Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**Beneficial Interest in Washburn Trust**

The Foundation has unconditional rights to 25 percent of the distribution from the Washburn Trust. The Foundation is one of six beneficiaries of this trust, which is managed and held by an outside trustee. The fair value of the beneficial interest in the trust was recognized as an asset and a donor restricted contribution at the date the trust was established. The Foundation's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from the trustee. Most of the Trusts' assets were converted to cash and distributed to beneficiaries during the year ended May 31, 2022. The remaining Trust assets consist of a note receivable and cash.

These assets are not subject to control or direction by the Foundation. Distributions of income from the trust are reported as investment income. Gains and losses, which are not distributed by the trust, are reflected as the change in value of beneficial interest in the trust. The trust will dissolve once future conditions are met, and therefore, the end date cannot be determined at this time.

**Long-Lived Assets**

Impairment losses are recorded when indicators of impairment are present and the carrying amount of a long-lived asset exceeds its fair value. In addition, management reviews useful lives of long-lived assets annually. No assets were deemed impaired during the year ended May 31, 2022 based on management's analysis.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense was **\$46,603** for the year ended May 31, 2022.

**Deferred Debt Issuance Costs**

Costs incurred in connection with the issuance of long-term debt are reported as a reduction of the related debt and amortized over the debt term. Amortization is reported as interest expense.

**Revenue Recognition**

*Contributions and Promises to Give*

Contributions of cash and other assets are recorded as support in the period received at their fair values and are distinguished between those that increase net assets with or without donor restriction. Unconditional promises to give are recognized upon donor notification as revenues in the period pledged. Amounts due after one year are recorded at their present value, using a discount rate of 5.0 percent per year. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend are met. Special events are considered to be contributions, as no significant exchange element exists. An allowance for uncollectible promises to give is estimated based on previous collection history, knowledge of the donor base, and potential collection problems. As of May 31, 2022, management determined all receivables were collectible, and accordingly, no allowance for bad debt has been recorded.

*Donated Materials and Services*

Contributions of supplies and materials are recorded at the estimated fair value on the date of the contribution. The majority of these contributions are sold in the thrift store, with fair value estimated based on subsequent sales (Note 11).

Contributed services that create or enhance non-financial assets or those that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed are recorded at their fair value in the period received. Although the Organization receives a significant amount of donated services from unpaid volunteers, during the year ended May 31, 2022, the Organization did not receive any donated services that qualified for reporting under the above criteria.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(1) Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

*Grants*

The Club receives grants from both federal and private sources. Each grant is analyzed to determine whether it is deemed an exchange transaction (where both the grantee and grantor receive commensurate benefits) or a contribution. All grants received during the year ended May 31, 2022 are considered contributions. Grants receivable at May 31, 2022 represent unconditional promises to give. Management has determined all amounts are collectible, resulting in no allowance for uncollectible amounts.

*Thrift Store*

Thrift store sales are recognized at the point of sale and are shown net of related sales tax.

*Membership Dues*

Boys purchase memberships that allow access to the Club and its activities. Due to uncertain collection, amounts are recognized as received.

*Rental Income*

Rental revenue is recognized pro rata over the term of the tenant rental agreement. Amounts received in advance are included in prepaid rent. Rent receivables are deemed fully collectible at May 31, 2022. As Heartland Heights opened during the year, there were no contract assets or liabilities at June 1, 2021.

Revenue received during the year ended May 31, 2022 from members of the Board of Directors totaled **\$86,950**.

**Federal Income Tax**

The Club and Foundation qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code and are not subject to federal income tax. In addition, the Club and Foundation have been determined by the Internal Revenue Service not to be “private foundations” within the meaning of Section 509(a) of the Internal Revenue Code. As such, no federal income tax is paid unless net income is derived from activities that are unrelated to their exempt activities. No such activities are conducted.

Heartland Heights Apartment’s taxable income is reported to the members for inclusion with their taxable income. The members will take draws as necessary in order to meet their individual tax obligations on the earnings of Heartland Heights Apartments. The activities of Heartland Heights Apartments are expected to fall within the Club’s exempt purpose.

At May 31, 2022, the Organization believes there are no significant uncertain tax positions or liabilities, or interest and penalties associated with uncertain tax positions.

**Subsequent Events**

Subsequent events have been evaluated through February 21, 2023, the date on which the financial statements were available to be issued.

**Adopted Accounting Standard**

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires that contributions of nonfinancial assets be reported in a separate line item within the Statement of Activities. Additional disclosures are also required, to include whether the contributions are monetized or utilized by the entity, the existence of any donor restrictions related to the assets, and how fair value was determined. The Organization early adopted this standard during the year ended May 31, 2022. Required note disclosures are included in Note 11.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(1) Nature of Activities and Summary of Significant Accounting Policies (Concluded)**

**Emerging Accounting Standard**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. If the available accounting election is made, leases with a term of twelve months or less can be accounted for similar to existing guidance for operating leases. The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact this standard will have on the financial statements.

**Non-Controlling Interest**

Although the Club only owns 0.01 percent of the Heartland Heights Apartments project, they maintain control. The equity investors in the project receive the tax credits, own 99.9 percent, and are limited partners. The non-controlling interest presented on the combined statement of activities and changes in net assets represents the limited partner's share of the Heartland Heights Apartments' income or loss. The combined statement of financial position non-controlling interest represents the limited partners share of Heartland Heights Apartments assets in excess of liabilities.

**(2) Promises to Give – Capital Campaign**

The Organization conducted a capital campaign which concluded during the year ended May 31, 2020. The goal of the campaign was to raise funds for the remodel of the Erickson building and lobby, a roof replacement, and staff investment. The remaining promise to give balance is restricted for staff investment (Note 4). The remodel and roof replacement was completed during the year ended May 31, 2021. Amounts still outstanding from the Board of Directors total **\$87,200** at May 31, 2022. Unconditional promises to give are as follows at May 31, 2022:

Receivable in Less than One Year	\$	91,533
Receivable in One to Five Years		89,667
		<u>181,200</u>
Less: Unamortized 5 Percent Discount to Net Present Value		5,280
<b>Net Unconditional Promises to Give</b>	<b>\$</b>	<b><u>175,920</u></b>

**(3) Property and Equipment**

A summary of property and equipment is as follows at May 31, 2022:

Land	\$	1,086,315
Construction in Progress		214,508
Building and Improvements		10,154,475
Equipment and Furniture		438,958
Vehicles		353,075
		<u>12,247,331</u>
Less Accumulated Depreciation		2,117,121
	<b>\$</b>	<b><u>10,130,210</u></b>

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(3) Property and Equipment (Continued)**

Construction of a low-income apartment building commenced in May 2022 (Note 8). Commitments related to this project totaled approximately \$5.97 million at May 31, 2022. Interest capitalized was \$69,456 for the year ended May 31, 2022.

Construction in progress also includes \$149,118 to improve a parking lot. The work was performed by a company owned by a member of the Board of Directors. Accounts payable at May 31, 2022 includes **\$41,903** related to this project. Commitments to complete the project were not significant at May 31, 2022.

During the year ended May 31, 2022, the Organization entered into a capital lease agreement for security cameras. The lease ends May 2027. The lease requires one upfront payment which is included in accounts payable on the statement of financial position. The asset is recorded in equipment and furniture for \$41,664 and has accumulated depreciation of \$1,389. Amortization of assets held under capital leases is included with depreciation expense.

**(4) Net Assets With Donor Restrictions**

Net assets with donor restrictions represent resources currently available for those operating purposes specified by the donor or restricted by the donor for a specified period and are available as follows at May 31, 2022:

*Foundation:*

Warder Scholarship Fund	\$ 48,223
Black Hills Area Community Foundation (Note 6)	18,480
Timing Restriction - Washburn Trust (Note 5)	1,541

*Club:*

Staff Investment - Wages and Benefits (Note 2)	492,646
Lord's Account - Christmas Family Sponsorship	59,149
United Way - Education	30,600
Specified Use Donations - Various Programs	34,377
Grants	7,500
	<b>\$ 692,516</b>

**(5) Investments and Fair Value Measurements**

Fair value is defined 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 three-level fair value hierarchy is defined as follows:

- Level One: Observable inputs such as quoted market prices for identical assets or liabilities in active markets. The types of assets and liabilities included in Level One are highly liquid and actively traded instruments with quoted market prices.
- Level Two: Inputs include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. The types of assets and liabilities included in Level Two are typically either comparable to actively traded securities or priced with models using observable inputs.
- Level Three: Inputs are based on prices or valuation techniques that are unobservable. These types of assets and liabilities require significant management judgment or estimation.

In accordance with the fair value hierarchy, the following table shows the fair value as of May 31, 2022, of those financial assets that are measured at fair value on a recurring basis, according to the valuation techniques the Organization used to determine their fair value.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(5) Investments and Fair Value Measurements (Continued)**

	Net Asset				Total
	Level One	Level Two	Level Three	Value Per Share	
US Equities	\$ 1,334,325	\$ -	\$ -	\$ -	\$ 1,334,325
International Equities	632,639	-	-	-	632,639
Other Assets	169,378	-	-	-	169,378
Bonds	-	713,346	-	-	713,346
Mixed Assets	-	779,108	-	-	779,108
Annuity	-	563,562	-	-	563,562
Total Investments	2,136,342	2,056,016	-	-	4,192,358
Black Hills Area Community Foundation (Note 6)	-	-	-	92,504	92,504
Beneficial Interest in Washburn Trust	-	-	1,541	-	1,541
	<b>\$ 2,136,342</b>	<b>\$ 2,056,016</b>	<b>\$ 1,541</b>	<b>\$ 92,504</b>	<b>\$ 4,286,403</b>
<b>Money Market Accounts Included in Cash and Cash Equivalents</b>	<b>\$ 68,775</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 68,775</b>

The following table represents a reconciliation of the activities for Level 3 financial instruments:

Balance - May 31, 2021	\$ 253,214
Distribution from Beneficial Trust	(254,437)
Gain on Interest in Beneficial Trust	2,764
<b>Balance - May 31, 2022</b>	<b>\$ 1,541</b>

Bonds are measured at either the yields currently available on comparable securities of issuers with similar credit ratings or valued under a discounted cash flow approach that maximizes observable inputs such as current yields of similar instruments but includes adjustments for certain risks that may not be observable such as credit and liquidity risks.

Mixed Assets and Annuity investments are valued based on the underlying assets, which are comprised primarily of actively traded mutual funds and stocks.

The Amounts Held by Black Hills Area Community Foundation (BHACF) have been valued, as a practical expedient, at the net asset value of the Organization's share of BHACF's investment pools as of the measurement date. BHACF values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of BHACF, which include private placements and other securities for which prices are not readily available, are determined by the management of BHACF and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The amounts held by BHACF are not redeemable by the Organization.

As described in Note 1, the Foundation is the beneficiary of one term trust established by the Washburn Estate. The fair value of the beneficial interest is estimated using the fair value of the assets held in the trust reported by the trustee. The Foundation considers the measurement of its beneficial interest in the term trust to be a level three measurement. Although the measurement is based on the fair value of trust assets reported by the trustee, the Foundation does not have the ability to direct the trustee to redeem or sell the assets, and the reported fair value may not reflect amounts that ultimately may be realized.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(6) Endowed and Board Designated Funds**

At May 31, 2022, the Board of Directors of the Foundation designated **\$4,336,469** of net assets without donor restriction as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as net assets without donor restrictions.

The Organization has a spending policy of appropriating for distribution each year no more than 5 percent of its board-designated endowment fund's average fair value of the prior twelve quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expected the current spending policy to allow its general endowment fund to grow at an average of over 5 percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through investment return.

To achieve the objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of no more than 5 percent while growing the fund if possible. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund. Investment assets and the allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

During the year ended May 31, 2022, the Organization contributed \$80,000 in board designated assets to BHACF to establish, on the books of BHACF, an endowment fund in the name of Rapid City Club for Boys Foundation, with earnings available for general operations. These funds are invested and distributed in accordance with the investment and spending policies of BHACF. The Organization annually elects whether to receive earnings available for distribution based on current operational needs. With the initial contribution, the Organization received a matching grant of **\$20,000** which is reported in net assets with donor restrictions (Note 4). The Organization has named itself the beneficiary of this fund. Accordingly, the amounts have been recorded as Amounts Held by Foundation on the accompanying Combining Statement of Financial Position in accordance with accounting principles generally accepted in the United States of America.

The composition of and changes in board designated endowment funds for the year ended May 31, 2022 are as follows:

Board Designated Endowment Net Assets, Beginning	\$ 4,397,717
Investment Return	(319,187)
Contributions Designated for the Endowment	488,867
Amounts Appropriated for Expenditure	(230,928)
<b>Board Designated Endowment Net Assets, Ending</b>	<b>\$ 4,336,469</b>

**(7) Split Interest Agreement**

The Club has been named a beneficiary under a perpetual trust, the Rasmussen Trust. The perpetual trust provides for payments of earnings on the trust assets to selected beneficiaries as determined by the trustees. The assets of the trust are not included in the Combined Statement of Financial Position of the Organization since the trust is revocable at the discretion of the trustees. The Club received **\$17,500** for the year ending May 31, 2022 which is included in grants revenue.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(8) Heartland Heights Apartments**

*Heartland Heights Apartments Limited Partnership:*

During the year ended May 31, 2021, the Organization entered into financing arrangements with investors using new market tax credits (NMTC) to construct a low-income apartment building. The NMTC's were allocated to the Heartland Heights Apartments Limited Partnership (HH), a community development entity, by the South Dakota Housing Development Authority (SDHDA). The limited partners of HH are non-Club affiliated, private investors and will be investing approximately \$4,600,000 into HH in exchange for the NMTC's. HH received **\$20,010** in initial capital contributions during the year ended May 31, 2022. The remaining capital contributions were made in October 2022 when the construction loan was converted to permanent financing (Note 13). The general partner, Heartland Heights LLC (the LLC), maintains all control of HH, and its sole member is the Club. The activity of HH has been included in the combined financial statements based on control resting with the Club through its LLC ownership.

Construction on the low-income apartment building was finished in May 2022 and received a final certificate of occupancy subsequent to year end. The building includes 41 units, all of which are to be utilized by lessees who qualify as low-income. The building is used for collateral on the construction loan (Note 13). A property manager will oversee operations for a percentage of the rent, and the limited partner will receive an asset management fee and a compliance monitoring fee. In addition, HH will be required to maintain certain operating and replacement reserves. Operations for May 2022 were not significant. The Organization has guaranteed the delivery of the tax credits to the investors. The Organization would be required to act under the guarantee if for any reason there was a disallowance of the NMTC's.

Permanent financing has been committed to by a bank for approximately \$977,000. This loan was closed upon subsequent to year end (Note 13). Additionally, permanent financing of approximately \$1,000,000 in HOME funds has been committed by SDHDA. Half of these funds were drawn at May 31, 2022 (Note 13). Finally, SDHDA granted \$802,380 for the project due to cost increases attributable to the COVID-19 pandemic. The conditions related to this grant were met, resulting in revenue being recognized as grant revenue for the year ended May 31, 2022.

The LLC is the project developer and will receive total fees of \$660,000 from HH for these services. During the year ended May 31, 2022, the Organization recognized **\$30,000** in revenue related to these fees which has been eliminated in financial statement combination. In addition, the LLC has hired a project consultant on behalf of HH under a \$250,000 contract. These contracts will be considered fulfilled when a final certificate of occupancy is received. This occurred subsequent to year end.

*Heartland Heights Apartments Limited Partnership II:*

During the year ended May 31, 2022, the Organization entered into financing arrangements with investors using NMTC's to construct a second low-income apartment building. The NMTC's were allocated to the Heartland Heights Apartments Limited Partnership II (HH2), a community development entity, by SDHDA. The limited partners of HH2 are non-Club affiliated, private investors and will be investing approximately \$5,750,000 into HH2 in exchange for the NMTC's. The general partner, Heartland Heights LLC II (LLC2), maintains all control of HH2, and its sole member is the Rapid City Club for Boys, Inc. LLC2 had no activity in the year ended May 31, 2022; however, the activity of HH2 has been included in the combined financial statements based on control resting with the Club through its LLC2 ownership.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(8) Heartland Heights Apartments (Continued)**

*Heartland Heights Apartments Limited Partnership II (Continued):*

In addition to the \$5,750,000 investment by the limited partners, the following additional financing has been arranged to ensure project completion:

- Construction loan with a bank for \$6,000,000 (see Note 13).
- Permanent financing has also been committed to by another bank for approximately \$697,000. This loan will be closed upon completion of construction and is expected to be secured by a mortgage on the property. Payments are anticipated to be \$3,520, including 5 percent interest, with a balloon payment due in 15 years.

As of May 31, 2022, HH2 had purchased land totaling **\$260,000** and incurred closing costs totaling **\$65,390**, which were fully financed through the construction loan. Construction started subsequent to year-end under a contract totaling \$5,973,980. LLC2 is the project developer and will receive total fees of \$599,000 from HH2 for these services. In addition, LLC2 has hired a project consultant on behalf of the Partnership under a \$299,000 contract.

The low-income apartment building will include 41 units, all of which are anticipated to be utilized by lessees who qualify as low-income. A property manager will oversee operations for a percentage of the rent, and the limited partner will receive an asset management fee and compliance monitoring fee. In addition, HH2 will be required to maintain certain operating and replacement reserves. The Organization has guaranteed the delivery of the tax credits to the investors. The Organization would be required to act under the guarantee if for any reason there was a disallowance of the NMTC's.

**(9) Expense Allocation**

The cost of providing various programs and other activities has been summarized on a functional basis in the Combined Statement of Activities. The Combined Statement of Functional Expenses presents the natural classification detail of expenses by function. Certain expenses can be directly allocated to program or supporting functions. Other categories of expenses are attributable to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. Accordingly, these costs have been allocated based on estimated time and effort (e.g. salaries) or building square footage (e.g. occupancy).

All funds raised through the Thrift Store directly support the Organization's programs. Without directing these funds to the Club, the Organization's mission would not be achieved. In accordance with generally accepted accounting principles, all costs of operating the Thrift Store are allocated to fundraising on the Combined Statements of Activities and Functional Expenses.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**MAY 31, 2022**

**(10) Liquidity and Availability**

The Organization relies on in-kind contributions that support Thrift Store sales, cash contributions from the general public and certain grants to fund its operations. In the event of unanticipated liquidity needs, the Organization could utilize board designated endowment funds or reach out to past donors for assistance. At May 31, 2022, the Organization has the following financial assets available for general use within one year of the financial position date:

Cash and Cash Equivalents	\$	781,883
Rent Receivables		17,142
Grant Receivables		67,699
Promises to Give		175,920
Investments		4,192,358
<b>Total Financial Assets</b>		<b>5,235,002</b>
Less Club Donor Restrictions		624,272
Less Foundation Donor Restrictions		68,244
Less Board Designations		4,336,469
<b>Amounts Available for General Use Within One Year</b>	<b>\$</b>	<b>206,017</b>

Subsequent to year-end, a private equity investor contributed approximately \$4.6 million in capital to reduce debt and provide additional operating cash for Heartland Heights (Note 8).

**(11) In-Kind Contributions**

For the year ended May 30, 2022, contributed nonfinancial assets include the following:

Inventory	\$	1,240,969
Other		8,387
	<b>\$</b>	<b>1,249,356</b>

The Organization receives donations of inventory to sell at the Thrift Store. Items received typically consist of household items (clothes and furniture). The fair value is estimated based on subsequent sales. Amounts are not donor restricted.

**(12) Employee Benefits**

During the year ended May 31, 2022, the Organization adopted a 401(k) plan that provides for salary deferrals for all employees who meet certain eligibility requirements. Under provisions of the plan, employees may elect to contribute a percentage of their compensation to the plan subject to limitations prescribed by law. The Organization matches employee contributions in the plan of 2 percent of employee compensation and then matches 50 percent on the next 4 percent of employee compensation for a total potential match of 4 percent of employee compensation. Employer contributions totaled **\$15,161** for the year ended May 31, 2022.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MAY 31, 2022**

**(13) Long Term Debt**

Long term debt at May 31, 2022 consists of the following:

*Heartland Heights Apartments:*

Construction Loan Payable to Horizon Bank, due in full at maturity in January 2023, including interest at 4 percent, secured by building mortgage (Note 8) (a)	\$ 4,100,798
Mortgage Payable to South Dakota Development Housing Authority, matures December 2054, non-interest bearing, total draws of \$1 million available, secured by building mortgage (Note 8) (b)	500,000
Deferred Debt Issuances Costs, Net of Accumulated Amortization of \$33,000	(22,000)

*Heartland Heights II Apartments:*

Construction Loan Payable to Horizon Bank, due in full at maturity in April 2024, including interest at 3.75 percent, secured by building mortgage (Note 8)	385,390
Deferred Debt Issuances Costs, Net of Accumulated Amortization of \$2,609	(57,391)
	<u>4,906,797</u>
Less: Current Maturities	(4,047,494)
	<u><u>\$ 859,303</u></u>

Maturities on long term debt, including amortization of debt issuance costs, as of May 31, 2022, are as follows:

2023	\$ 4,047,494
2024	379,303
2025	48,000
2026	48,000
2027	48,000
Thereafter	336,000
	<u><u>\$ 4,906,797</u></u>

(a) Subsequent to year-end, the construction loan was paid in full through partner equity investment (Note 8) and permanent financing with another bank. The bank loan totals \$616,135 and is secured by a mortgage on the building. Monthly payments of \$2,911, including interest of 4.4 percent are required through November 2037, at which time a balloon payment is due.

(b) Payments are due in varying monthly installments through maturity as follows: 48 payments of \$4,000 starting January 1, 2024; 48 payments of \$3,500 starting January 1, 2028, 132 payments of \$3,000 starting January 1, 2032; 48 payments of \$2,500 starting January 1, 2043; 24 payments of \$2,000 starting January 1, 2047; 36 payments of \$1,500 starting January 1, 2049; 12 payments of \$1,000 starting January 1, 2052; 11 payments of \$833 starting January 1, 2053; and 1 payment of \$837 on December 1, 2053.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)  
MAY 31, 2022**

**(14) Current Economic Events**

The Organization has been impacted by the world-wide coronavirus pandemic, as well as other national events. The Organization relies on contributions, grants, and investment earnings. Investment values can fluctuate widely based on many factors, including investment performance and difficult market conditions, which can also impact the ability of donors to contribute to the Organization. The continued decline and volatility of the equity, credit, and labor markets have a significant impact on the value of the Organization's investments and its receipt of contributions.

The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.

SUPPLEMENTARY INFORMATION

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINING STATEMENT OF FINANCIAL POSITION  
MAY 31, 2022**

	<b>Club</b>	<b>Foundation</b>	<b>Heartland Heights</b>	<b>Eliminations</b>	<b>Combined Total</b>
<b><u>ASSETS</u></b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 690,551	\$ 67,849	\$ 23,483	\$ -	\$ 781,883
Rent Receivables	-	-	17,142	-	17,142
Grant Receivables	67,699	-	-	-	67,699
Promises to Give, Current Portion	91,533	-	-	-	91,533
Prepaid Expenses	37,523	-	-	-	37,523
Inventory	72,288	-	-	-	72,288
Reimbursements Due from Club	-	6,011	-	(6,011)	-
<b>Total Current Assets</b>	<b>959,594</b>	<b>73,860</b>	<b>40,625</b>	<b>(6,011)</b>	<b>1,068,068</b>
<b>Property and Equipment, Net</b>	<b>4,028,568</b>	<b>-</b>	<b>6,101,642</b>	<b>-</b>	<b>10,130,210</b>
<b>Other Assets</b>					
Promises to Give, Net of Current Portion	84,387	-	-	-	84,387
Amounts Held by Foundation	-	92,504	-	-	92,504
Investments	-	4,192,358	-	-	4,192,358
Beneficial Interest in Washburn Trust	-	1,541	-	-	1,541
Cash Surrender Value of Life Insurance	-	51,724	-	-	51,724
	<b>84,387</b>	<b>4,338,127</b>	<b>-</b>	<b>-</b>	<b>4,422,514</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,072,549</b>	<b>\$ 4,411,987</b>	<b>\$ 6,142,267</b>	<b>\$ (6,011)</b>	<b>\$ 15,620,792</b>
<b><u>LIABILITIES, NET ASSETS AND PARTNERSHIP EQUITY</u></b>					
<b>Current Liabilities</b>					
Accounts and Retainage Payable	148,325	-	566,232	(6,011)	708,546
Accrued Payroll and Taxes	76,599	1,866	-	-	78,465
Accrued Vacation	54,211	5,408	-	-	59,619
Accrued Interest	-	-	6,379	-	6,379
Security Deposits and Prepaid Rent	-	-	20,469	-	20,469
Current Portion of Long Term Debt	-	-	4,047,494	-	4,047,494
<b>Total Current Liabilities</b>	<b>279,135</b>	<b>7,274</b>	<b>4,640,574</b>	<b>(6,011)</b>	<b>4,920,972</b>
<b>Long Term Debt, Net of Current Portion</b>	<b>-</b>	<b>-</b>	<b>859,303</b>	<b>-</b>	<b>859,303</b>
<b>Net Assets</b>					
<b>Without Donor Restrictions</b>					
Board Designated Endowment - Operations	-	4,336,469	-	-	4,336,469
Undesignated	4,169,142	-	-	-	4,169,142
	4,169,142	4,336,469	-	-	8,505,611
<b>With Donor Restrictions</b>	<b>624,272</b>	<b>68,244</b>	<b>-</b>	<b>-</b>	<b>692,516</b>
<b>Total Net Assets</b>	<b>4,793,414</b>	<b>4,404,713</b>	<b>-</b>	<b>-</b>	<b>9,198,127</b>
<b>Partnership Equity</b>					
Partner's Equity - Heartland Heights	-	-	642,390	(641,768)	622
<b>Non-Controlling Interest - Heartland Heights</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>641,768</b>	<b>641,768</b>
<b>TOTAL LIABILITIES, NET ASSETS AND PARTNERSHIP EQUITY</b>	<b>\$ 5,072,549</b>	<b>\$ 4,411,987</b>	<b>\$ 6,142,267</b>	<b>\$ (6,011)</b>	<b>\$ 15,620,792</b>

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MAY 31, 2022**

	Club	Foundation	Heartland Heights	Eliminations	Combined Total
<b><u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>					
<b>Revenue and Support</b>					
Contributions	\$ 1,010,318	\$ 234,533	\$ -	\$ (175,974)	\$ 1,068,877
In-Kind Contributions	1,249,356	-	-	-	1,249,356
Grants	173,622	-	794,880	-	968,502
Special Events	421,178	-	-	-	421,178
Thrift Store, Net of Cost of Sales of <b>\$1,267,343</b>	86,693	-	-	-	86,693
United Way Grants	40,031	-	-	-	40,031
Miscellaneous	5,993	-	15,732	-	21,725
Membership Dues	13,039	-	-	-	13,039
Rental	-	-	3,950	-	3,950
Net Investment Return	-	(319,291)	-	-	(319,291)
Loss on Sale of Property and Equipment	(19,906)	-	-	-	(19,906)
Net Assets Released from Restriction	(180,371)	254,437	-	-	74,066
Developer Fee	30,000	-	-	(30,000)	-
<b>Total Revenue and Support</b>	<b>2,829,953</b>	<b>169,679</b>	<b>814,562</b>	<b>(205,974)</b>	<b>3,608,220</b>
<b>Functional Expenses</b>					
<i>Program Services:</i>					
Social/Recreation	177,722	-	-	-	177,722
Athletic	342,921	-	-	-	342,921
Nutrition	307,144	-	-	-	307,144
Education	76,737	-	-	-	76,737
Individual Services	252,514	-	-	-	252,514
Arts and Crafts	43,953	-	-	-	43,953
Outdoor	149,674	-	-	-	149,674
Older Boys	92,923	-	-	-	92,923
Younger Boys	115,741	-	-	-	115,741
Juniors	186,134	-	-	-	186,134
Membership	83,136	-	-	-	83,136
Special Activities	27,565	-	-	-	27,565
Low Income Housing	-	-	18,194	-	18,194
Contribution to Club	-	175,974	-	(175,974)	-
<i>Supporting Services:</i>					
Administration	278,001	34,125	143,988	-	456,114
Fundraising -- Thrift Store	1,163,901	-	-	-	1,163,901
Fundraising -- Other	180,721	20,828	-	-	201,549
<b>Total Functional Expenses</b>	<b>3,478,787</b>	<b>230,927</b>	<b>162,182</b>	<b>(175,974)</b>	<b>3,695,922</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(648,834)</b>	<b>(61,248)</b>	<b>652,380</b>	<b>(30,000)</b>	<b>(87,702)</b>

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)  
FOR THE YEAR ENDED MAY 31, 2022**

	<b>Club</b>	<b>Foundation</b>	<b>Heartland Heights</b>	<b>Eliminations</b>	<b>Combined Total</b>
<b><u>NET ASSETS WITH DONOR RESTRICTIONS</u></b>					
<b>Revenue and Support</b>					
Contributions	93,526	70,000	-	-	163,526
United Way Grants	30,600	-	-	-	30,600
Grants	7,500	-	-	-	7,500
Net Investment Return	-	(3,297)	-	-	(3,297)
Gain on Beneficial Interest of Trust	-	2,764	-	-	2,764
Net Assets Released from Restriction	180,371	(254,437)	-	-	(74,066)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
	<b>311,997</b>	<b>(184,970)</b>	<b>-</b>	<b>-</b>	<b>127,027</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>(336,837)</b>	<b>(246,218)</b>	<b>652,380</b>	<b>(30,000)</b>	<b>39,325</b>
<b>NET INCOME ATTRIBUTABLE TO THE NON-CONTROLLING INTEREST</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(641,768)</b>	<b>(641,768)</b>
<b>NET ASSETS AND PARTNERSHIP EQUITY -- BEGINNING OF YEAR</b>	<b>5,130,251</b>	<b>4,650,931</b>	<b>-</b>	<b>-</b>	<b>9,781,182</b>
<b>CONTRIBUTED CAPITAL</b>	<b>-</b>	<b>-</b>	<b>20,010</b>	<b>-</b>	<b>20,010</b>
<b>DISTRIBUTIONS TO MEMBERS</b>	<b>-</b>	<b>-</b>	<b>(30,000)</b>	<b>30,000</b>	<b>-</b>
<b>NET ASSETS AND PARTNERSHIP EQUITY -- END OF YEAR</b>	<b>\$ 4,793,414</b>	<b>\$ 4,404,713</b>	<b>\$ 642,390</b>	<b>\$ (641,768)</b>	<b>\$ 9,198,749</b>

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINING STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2022**

	<b>Club Program</b>	<b>Foundation Program</b>	<b>Heartland Heights Program</b>	<b>Club Administration</b>	<b>Foundation Administration</b>
Salaries	\$ 879,156	\$ -	\$ 9,857	\$ 107,402	\$ 19,456
Payroll Taxes	70,450	-	703	8,607	1,488
Employee Benefits	67,871	-	-	8,291	951
<b>Total Payroll Expenses</b>	<b>1,017,477</b>	<b>-</b>	<b>10,560</b>	<b>124,300</b>	<b>21,895</b>
Thrift Store Cost of Goods Sold	-	-	-	-	-
Program Supplies & Other Costs	305,824	-	-	4,309	-
Occupancy	184,365	-	947	19,206	-
Depreciation	183,123	-	-	19,077	-
Professional Fees	50,267	-	-	38,048	8,919
Special Events:					
Tree Cost of Sales	-	-	-	-	-
Contract Labor	-	-	-	-	-
Prizes	-	-	-	-	-
Printing	-	-	-	-	-
Supplies	-	-	-	-	-
Food	-	-	-	-	-
Other	-	-	-	-	-
Office	52,337	-	3,332	5,452	867
Information Technology	26,256	-	979	9,696	-
Advertising and Promotion	15,211	-	2,145	1,680	-
Interest and Penalties	-	-	-	2,017	-
Miscellaneous	-	-	5	41,683	10
Equipment Maintenance	11,208	-	-	934	-
Travel	9,084	-	11	757	-
Staff Training	831	-	215	7,818	-
Conventions and Meetings	181	-	-	3,024	-
Insurance	-	-	-	-	2,434
Contribution to Club	-	175,974	-	-	-
<b>Total</b>	<b>1,856,164</b>	<b>175,974</b>	<b>18,194</b>	<b>278,001</b>	<b>34,125</b>
Less Thrift Store Cost of Goods Sold Included with Revenue on the Statement of Activities	-	-	-	-	-
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b>\$ 1,856,164</b>	<b>\$ 175,974</b>	<b>\$ 18,194</b>	<b>\$ 278,001</b>	<b>\$ 34,125</b>

<b>Heartland Heights Administration</b>	<b>Club Fundraising</b>	<b>Foundation Fundraising</b>	<b>Club Thrift Store Fundraising</b>	<b>Grand Total</b>	<b>Elimination Total</b>	<b>Combined Total</b>
\$ -	\$ 61,267	\$ 6,485	\$ 786,250	\$ 1,869,873	\$ 106,961	\$ 1,976,834
-	4,910	496	50,610	137,264	-	137,264
-	4,730	317	36,693	118,853	-	118,853
-	<b>70,907</b>	<b>7,298</b>	<b>873,553</b>	<b>2,125,990</b>	<b>106,961</b>	<b>2,232,951</b>
-	-	-	1,267,343	1,267,343	-	1,267,343
-	1,570	-	16,915	328,618	-	328,618
-	1,247	-	117,545	323,310	-	323,310
-	1,238	-	38,511	241,949	-	241,949
102,000	49,095	-	3,815	252,144	(106,961)	145,183
-	4,071	-	63,409	67,480	-	67,480
-	-	-	8,780	8,780	-	8,780
-	8,314	-	375	8,689	-	8,689
-	7,907	-	-	7,907	-	7,907
-	2,965	-	3,576	6,541	-	6,541
-	853	-	502	1,355	-	1,355
-	10,679	-	75	10,754	-	10,754
-	354	-	13,503	75,845	-	75,845
-	7,372	-	8,849	53,152	-	53,152
-	12,123	13,530	1,914	46,603	-	46,603
41,988	-	-	-	44,005	-	44,005
-	-	-	4	41,702	-	41,702
-	934	-	5,474	18,550	-	18,550
-	757	-	6,278	16,887	-	16,887
-	335	-	200	9,399	-	9,399
-	-	-	623	3,828	-	3,828
-	-	-	-	2,434	-	2,434
-	-	-	-	175,974	(175,974)	-
<b>143,988</b>	<b>180,721</b>	<b>20,828</b>	<b>2,431,244</b>	<b>5,139,239</b>	<b>(175,974)</b>	<b>4,963,265</b>
-	-	-	(1,267,343)	(1,267,343)	-	(1,267,343)
<b>\$ 143,988</b>	<b>\$ 180,721</b>	<b>\$ 20,828</b>	<b>\$ 1,163,901</b>	<b>\$ 3,871,896</b>	<b>\$ (175,974)</b>	<b>\$ 3,695,922</b>

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2022**

	<b>Club</b>	<b>Foundation</b>	<b>Heartland Heights</b>	<b>Eliminations</b>	<b>Combined Total</b>
<b>Cash Flows from Operating Activities</b>					
Change in Net Assets	\$ (336,837)	\$ (246,218)	\$ 652,380	\$ (30,000)	\$ 39,325
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:</i>					
Depreciation	241,949	-	-	-	241,949
Amortization of Deferred Debt Issuance Costs	-	-	35,609	-	35,609
Unrealized/Realized Loss on Investments	-	364,810	-	-	364,810
Unrealized/Realized Loss on Amounts Held by Foundation	-	8,192	-	-	8,192
Gain from Interest in Washburn Trust	-	(2,764)	-	-	(2,764)
Loss from Property and Equipment Disposal	19,906	-	-	-	19,906
Net Change in Present Value Discount of Promises to Give	(5,535)	-	-	-	(5,535)
Contributions Restricted for Long Term Purposes	(30,000)	-	-	-	(30,000)
<i>Working Capital Changes Increasing (Decreasing) Cash:</i>					
Rent Receivables	-	-	(17,142)	-	(17,142)
Grant Receivables	(23,926)	-	-	-	(23,926)
Prepaid Expenses	(9,833)	-	-	-	(9,833)
Inventory	(10,709)	-	-	-	(10,709)
Due from Club	-	(6,011)	-	6,011	-
Accounts and Retainage Payable	9,853	-	31,235	(6,011)	35,077
Accrued Payroll and Taxes	709	32	-	-	741
Accrued Vacation	(3,589)	-	-	-	(3,589)
Accrued Interest	-	-	6,379	-	6,379
Security Deposits and Prepaid Rent	-	-	20,469	-	20,469
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(148,012)</b>	<b>118,041</b>	<b>728,930</b>	<b>(30,000)</b>	<b>668,959</b>
<b>Cash Flows from Investing Activities</b>					
Proceeds from Sales of Property and Equipment	1,500	-	-	-	1,500
Purchases of Property and Equipment	(292,359)	-	-	-	(292,359)
Purchases of Investments Held by Foundation	-	(101,731)	-	-	(101,731)
Sales of Investments Held by Foundation	-	1,035	-	-	1,035
Distributions from Washburn Trust	-	254,437	-	-	254,437
Purchases of Investments	-	(1,660,141)	-	-	(1,660,141)
Proceeds from Sales and Maturities of Investments	-	1,305,903	-	-	1,305,903
<b>Net Cash Used in Investing Activities</b>	<b>(290,859)</b>	<b>(200,497)</b>	<b>-</b>	<b>-</b>	<b>(491,356)</b>
<b>Cash Flows From Financing Activities</b>					
Payments of Long Term Debt	-	-	(1,327,457)	-	(1,327,457)
Proceeds from Long Term Debt	-	-	632,000	-	632,000
Capital Contribution - Heartland Heights	-	-	20,010	-	20,010
Capital Distribution	-	-	(30,000)	30,000	-
Collections of Contributions For Long-Term Purposes	94,005	-	-	-	94,005
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>94,005</b>	<b>-</b>	<b>(705,447)</b>	<b>30,000</b>	<b>(581,442)</b>

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED MAY 31, 2022**

	<b>Club</b>	<b>Foundation</b>	<b>Heartland Heights</b>	<b>Eliminations</b>	<b>Combined Total</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(344,866)</b>	<b>(82,456)</b>	<b>23,483</b>	<b>-</b>	<b>(403,839)</b>
<b>Cash and Cash Equivalents -- Beginning of Year</b>	<b>1,035,417</b>	<b>150,305</b>	<b>-</b>	<b>-</b>	<b>1,185,722</b>
<b>Cash and Cash Equivalents -- End of Year</b>	<b>\$ 690,551</b>	<b>\$ 67,849</b>	<b>\$ 23,483</b>	<b>\$ -</b>	<b>\$ 781,883</b>
<b>Non Cash Operating, Investing and Financing Activities:</b>					
Construction in Progress and Land Purchase Financed with Construction Note Payable	\$ -	\$ -	\$ 5,232,782	\$ -	\$ 5,232,782
Purchase of Property and Equipment in Accounts and Retainage Payable	83,567	-	534,997	-	618,564
<b>Supplemental Disclosure of Cash Flow Information</b>					
Cash Paid for Interest Net of \$69,456 Capitalized	-	-	-	-	-

SINGLE AUDIT SECTION

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MAY 31, 2022**

	Assistance Listing Number	Grant Identifying Number	Amount
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
Passed through the State of South Dakota:			
Coronavirus Relief Fund	21.019; COVID 19	Unknown	\$ 794,880
<b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>			<b>794,880</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the State of South Dakota:			
Child and Adult Care Food Program (CACFP) - (Note 4)	10.558	Unknown	64,538
CACFP Emergency Funds - COVID	10.558	Unknown	7,305
			71,843
<i>Child Nutrition Cluster:</i>			
Summer Food Service Program for Children (Note 4)	10.559	Unknown	34,821
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>106,664</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through the State of South Dakota:			
Home Investment Partnerships Program (Note 5)	14.239	Unknown	500,000
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>500,000</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,401,544</b>

Note 1. 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 May 31, 2022. 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.

Note 2. The Schedule is presented 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.

Note 3. The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. These amounts reflect cash received. Federal reimbursements are based on approved rates for services provided rather than reimbursement for specific expenditures.

Note 5: The Organization was approved by the SDHDA to receive a loan totaling \$1 million under the Home Investment Partnership Program to construct low income housing. The Organization spent \$500,000 of the total \$1 million available during the year ending May 31, 2022. The balance owed at May 31, 2022 is \$500,000.



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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

**Board of Directors**

Rapid City Club for Boys, Inc., Rapid City Club for Boys Foundation, Inc., and Heartland Heights Apartments  
Rapid City, South Dakota

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 Rapid City Club for Boys, Inc., Rapid City Club for Boys Foundation, Inc., and Heartland Heights Apartments (the Organization), which comprise the statement of financial position as of May 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 21, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the 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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as 2022-001 and 2022-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings as 2022-003, 2022-004, and 2022-005 to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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*.

Rapid City Club for Boys, Inc., Rapid City Club for Boys Foundation, Inc., and Heartland Heights Apartments

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**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. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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.



KETEL THORSTENSON, LLP  
Certified Public Accountants

February 21, 2023



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Board of Directors**

Rapid City Club for Boys, Inc., Rapid City Club for Boys Foundation, Inc., and Heartland Heights Apartments  
Rapid City, South Dakota

***Opinion on the Major Federal Program***

We have audited Rapid City Club for Boys, Inc., Rapid City Club for Boys Foundation, Inc., and Heartland Heights Apartments (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 May 31, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

***Basis for Unmodified Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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 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**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as 2022-001 to be a material weakness.

*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 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Rapid City Club for Boys, Inc., Rapid City Club for Boys Foundation, Inc., and Heartland Heights Apartments

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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.



KETEL THORSTENSON, LLP  
Certified Public Accountants

February 21, 2023

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**SCHEDULE OF FINDINGS  
MAY 31, 2022**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditor’s report expresses an unmodified opinion on the financial statements.
2. Material weaknesses and significant deficiencies disclosed during the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. One material weakness was disclosed during the audit of the major federal award program in the Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The Independent Auditor’s Report on Compliance for the Major Federal Awards Program expresses an unmodified opinion on the major program, as listed in #7.
6. Audit findings relative to the major federal award program are Part C of this schedule.
7. The program tested as a major program includes the following:

<b>Major Program</b>	<b>ALN #'s</b>
<i>U.S. Department of Treasury</i>	
Coronavirus Relief Fund	21.019
8. The threshold for distinguishing types A and B programs was \$750,000.
9. The Organization was not determined to be a low risk auditee.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**MATERIAL WEAKNESSES**

2022-001 FINDING: Combined Financial Statement Preparation and Schedule of Expenditures of Federal Awards Preparation

*Federal Program Affected:* U.S. Department of Treasury Coronavirus Relief Fund ALN 21.019

*Compliance Requirement:* Reporting

*Questioned Costs:* N/A

*Condition and Cause:* We were requested to draft the audited combined financial statements and related footnote disclosures as part of our regular audit services as well as the Schedule of Expenditures of Federal Awards (SEFA). Ultimately, it is management’s responsibility to provide for the preparation of the Organization’s statements, footnotes, and SEFA, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint, we do both for the Organization at the same time in connection with our audit. This is not unusual for us to do this with Organizations of your size.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**SCHEDULE OF FINDINGS (CONTINUED)  
MAY 31, 2022**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**MATERIAL WEAKNESSES (CONTINUED)**

2022-001 FINDING: Financial Statement Preparation and Schedule of Expenditures of Federal Awards (Continued)

*Criteria and Effect:* It is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by the Organization’s management.

*Repeat Finding From Prior Year:* N/A – no Uniform Guidance audit in prior year.

*Recommendation:* As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy, we have answered any questions they might have, and we have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your statements. We are satisfied the appropriate steps have been taken to provide the Organization with the completed financial statements. It is the responsibility of management and the Board of Directors to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

*Response/Corrective Action Plan:* The Organization agrees with the above Finding. See Corrective Action Plan.

2022-002 FINDING: Audit Adjustments

*Federal Program Affected:* N/A

*Compliance Requirement:* N/A

*Questioned Costs:* N/A

*Condition and Cause:* During the course of our engagement, we proposed several audit adjustments as well as reclassifications between accounts. The most significant adjustments included adjusting Foundation investments and interest in beneficial trust, recording discount on promises to give, recording fixed asset disposals and depreciation expense, correcting vacation accrual, adjusting thrift store inventory, and correcting deferred revenue. In addition, we assisted with reconciling and recording Heartland Heights activity. Finally, we passed certain adjustments that were not deemed significant to record.

*Criteria and Effect:* These adjustments were not identified as a result of the Organization’s existing internal controls, and therefore, resulted in a misstatement of the Organization’s combined financial statements.

*Repeat Finding From Prior Year:* N/A – no Uniform Guidance audit in prior year.

*Recommendation:* The Organization should continue to refine its closing process to ensure all accounts are reconciled. In addition, Heartland Heights activity should be monitored and reconciled.

*Response/Corrective Action Plan:* The Organization agrees with the above Finding. See Corrective Action Plan.

**SIGNIFICANT DEFICIENCIES**

#2022-003 FINDING: Christmas Tree Sales

*Federal Program Affected:* N/A

*Compliance Requirement:* N/A

*Questioned Costs:* N/A

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND HEARTLAND HEIGHTS APARTMENTS**

**SCHEDULE OF FINDINGS (CONTINUED)  
MAY 31, 2022**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**SIGNIFICANT DEFICIENCIES (CONTINUED)**

2022-003 FINDING: Christmas Tree Sales (Continued)

*Condition and Cause:* During the course of our engagement, we were not able to reconcile the number of trees sold to the number of trees purchased/leftover.

*Criteria and Effect:* There could be additional sales or theft of Christmas trees that are unknown or unrecorded. This could expose the Organization to a misstatement.

*Repeat Finding From Prior Year:* N/A – no Uniform Guidance audit in prior year.

*Recommendations:* The Organization should reconcile the number of trees sold to the number of tree purchased/leftover throughout the season in order to quickly identify and correct errors and prevent theft.

*Response/Corrective Action Plan:* The Organization agrees with the above Finding. See Corrective Action Plan.

2002-004 FINDING: Accrued Liabilities

*Federal Program Affected:* N/A

*Compliance Requirement:* N/A

*Questioned Costs:* N/A

*Condition and Cause:* Certain accrued liability accounts relating to payroll withholdings are increasing in total and have not been reconciled.

*Criteria and Effect:* Many debit balances exist in the accrued liability accounts and have increased from the previous fiscal year. As these accounts continue to increase, amounts paid to vendors may be inaccurate and financial misstatements may occur.

*Repeat Finding From Prior Year:* N/A – no Uniform Guidance audit in prior year.

*Recommendations:* The Organization should reconcile all accrued liability accounts monthly to supporting schedules.

*Response/Corrective Action Plan:* The Organization agrees with the above Finding. See Corrective Action Plan.

2022-005 FINDING: Uniform Guidance Written Policies

*Federal Program Affected:* N/A

*Compliance Requirement:* N/A

*Questioned Costs:* N/A

*Condition and Cause:* None of the required Uniform Guidance polices are adopted by the Organization.

**RAPID CITY CLUB FOR BOYS, INC., RAPID CITY CLUB FOR BOYS FOUNDATION, INC., AND  
HEARTLAND HEIGHTS APARTMENTS**

**SCHEDULE OF FINDINGS (CONCLUDED)  
MAY 31, 2022**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONCLUDED)**

**SIGNIFICANT DEFICIENCIES (CONCLUDED)**

2022-005 FINDING: Uniform Guidance Written Policies (Continued)

*Criteria and Effect:* Uniform Guidance requires certain organizational policies such as allowable costs, procurement, conflicts of interest and other policies to be adopted by the Organization to reduce the likelihood funds will be misused.

*Repeat Finding From Prior Year:* N/A – no Uniform Guidance audit in prior year.

*Recommendations:* The Organization should reviewed and adopted required Uniform Guidance policies.

*Response/Corrective Action Plan:* The Organization agrees with the above Finding. See Corrective Action Plan.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDIT**

The finding 2022-001 listed in Part B is related to the major program as noted in the individual finding.

## MANAGEMENT RESPONSE



**Safe, Caring, & Fun!**

320 N. Fourth Street Rapid City, SD 57701  
Phone 605.343.3500  
Fax 605.343.3501  
[www.theclubforboys.org](http://www.theclubforboys.org)

**SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
MAY 31, 2022**

Rapid City Club for Boys, Inc., Rapid City Club for Boys Foundation, Inc., and Heartland Heights Apartments did not have a Uniform Guidance audit in the prior year.



## Safe, Caring, & Fun!

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### **CORRECTION ACTION PLAN MAY 31, 2022**

Rapid City Club for Boys, Inc., Rapid City Club for Boys Foundation, Inc., and Heartland Heights Apartments respectfully submits the following corrective action plan regarding findings from the June 30, 2022 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2022 Schedule of Findings.

Finding No 2022-001: Financial Statement Preparation

*Responsible Individuals:* Roni Williamson, Controller

*Corrective Action Plan:* The Organization has accepted the risk associated with the finding regarding the preparation of the combined financial statements and will continue to have the independent auditor prepare the annual consolidated financial statements.

*Anticipated Completion Date:* Ongoing

Finding No 2022-002: Audit Adjustments

*Responsible Individuals:* Roni Williamson, Controller

*Corrective Action Plan:* The Organization will review the adjusting entries and add notes to complete the entries as recommended. The Organization will also review entries throughout the year to ensure the recommendations are completed.

*Anticipated Completion Date:* Ongoing

Finding No 2022-003: Christmas Tree Sales

*Responsible Individuals:* Mark Kline, Assistant Executive Director

*Corrective Action Plan:* The Organization will work to reconcile tree purchases to tree sales, disposals and leftovers at year end.

*Anticipated Completion Date:* May 31, 2023

Finding No 2022-004: Accrued Liabilities

*Responsible Individuals:* Roni Williamson, Controller

*Corrective Action Plan:* The Organization will reconcile accrued liability accounts to subsidiary schedules.

*Anticipated Completion Date:* May 31, 2023

Finding No 2022-005: Uniform Guidance Written Policies

*Responsible Individuals:* Roni Williamson, Controller

*Corrective Action Plan:* The Organization will adopt required Uniform Guidance policies.

*Anticipated Completion Date:* May 31, 2023