
**BOYS & GIRLS CLUBS OF
THURSTON COUNTY**
A Washington Not-For-Profit Organization

Financial Statements

For the Fiscal Year Ended August 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Clubs of Thurston County
2102 Carriage Drive SW, Suite A
Olympia, WA 98502

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Boys & Girls Clubs of Thurston County (the BGCTC), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The BGCTC as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 BGCTC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization’s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

March 29, 2024

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Statement of Financial Position

August 31, 2023 (With Comparative Totals for 2022)	2023	2022
ASSETS		
<u>Current Assets</u>		
Cash	\$ 671,882	\$ 669,655
Restricted Cash - Scholarship	21,000	21,000
Restricted Cash - Capital	1,973	1,973
Restricted Cash - Mental Health	-	10,000
Restricted Cash - School Supplies	2,032	-
Accounts Receivable	218,072	255,911
Right to Use Operating Lease Asset - Current	43,079	-
Prepaid Expenses	30,421	31,404
Total Current Assets	988,459	989,943
<u>Property and Equipment</u>		
Land and Land Improvements	530,954	530,954
Leasehold Improvements, net	954,033	1,109,817
Furniture and Equipment, net	140,628	76,329
Total Property and Equipment	1,625,615	1,717,100
<u>Other Assets</u>		
Endowment	1,245,969	817,239
Investments	534,338	150,688
Right to Use Operating Lease Asset - Long Term	59,962	-
Total Other Assets	1,840,269	967,927
Total Assets	\$ 4,454,343	\$ 3,674,970

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

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Statement of Financial Position

August 31, 2023 (With Comparative Totals for 2022)	2023	2022
LIABILITIES & NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 34,449	\$ 23,983
Accrued Expenses	18,580	20,432
Accrued Vacation	40,312	40,984
Deferred Revenue	-	14,515
Operating Lease Liability - Current	43,079	-
Total Current Liabilities	136,420	99,914
<u>Long Term Liabilities</u>		
Operating Lease Liability - Long Term	59,962	-
Total Long Term Liabilities	59,962	-
<u>Net Assets</u>		
Without Donor Restrictions	1,039,749	642,097
Without Donor Restrictions - Property & Equipment	1,625,615	1,717,100
Without Donor Restrictions - Board Designated	321,623	316,552
Without Donor Restrictions - Board Designated Endowment	355,219	355,219
	3,342,206	3,030,968
With Donor Restrictions Net Assets	915,755	544,088
Total Net Assets	4,257,961	3,575,056
Total Liabilities & Net Assets	\$ 4,454,343	\$ 3,674,970

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

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Statement of Activities and Changes in Net Assets

Fiscal Year Ended August 31, 2023 (With Comparative Totals for 2022)	2023		2022	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
Support and Revenue				
Grants	\$ 828,572	\$ -	\$ 828,572	\$ 825,815
Contributions	1,550,797	428,565	1,979,362	1,088,019
Membership Revenue	33,705	-	33,705	51,826
Program Revenue	598,357	-	598,357	445,640
Fundraising Revenue	830,831	-	830,831	799,558
Other Income	4,000	-	4,000	8,618
Inkind Revenue	73,351	-	73,351	72,462
Interest Income	7,998	-	7,998	5,707
Satisfaction of Program Restrictions	175,037	(175,037)	-	-
Total Support and Revenue	4,102,648	253,528	4,356,176	3,297,645
Expenses				
Program Services	2,415,910	-	2,415,910	2,386,862
Management and General	751,283	-	751,283	624,164
Fundraising	629,840	-	629,840	625,686
Unallocated Payments to National Organization	11,427	-	11,427	10,371
Total Expenses	3,808,460	-	3,808,460	3,647,083
Increase (Decrease) in Net Assets Before Other Revenues & Expenses	294,188	253,528	547,716	(349,438)
Other Revenues & Expenses				
Investment Income (Loss)	17,050	118,139	135,189	(157,186)
Total Other Revenues & Expenses	17,050	118,139	135,189	(157,186)
Increase (Decrease) in Net Assets	311,238	371,667	682,905	(506,624)
Net Assets, Beginning of Year	3,030,968	544,088	3,575,056	4,081,680
Net Assets, End of Year	\$ 3,342,206	\$ 915,755	\$ 4,257,961	\$ 3,575,056

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

Boys & Girls Clubs of Thurston County
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Statement of Cash Flows

Fiscal Year Ended August 31, 2023 (With Comparative Totals for 2022)	2023	2022
<u>Cash Flows From Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ 682,905	\$ (506,624)
Adjustments to reconcile increase in net assets to net cash flows provided (used) by operating activities:		
Depreciation	189,599	201,206
Unrealized (Gain) Loss on Investments	(117,007)	342,813
(Increase) Decrease In:		
Accounts Receivable	37,839	(155,214)
Prepaid	983	(25,782)
Increase (Decrease) In:		
Accounts Payable	10,466	2,398
Accrued Expenses	(1,852)	(1,046)
Deferred Revenue	(672)	14,515
Accrued Vacation	(14,515)	5,050
Net Cash Provided (Used) by Operating Activities	<u>787,746</u>	<u>(122,684)</u>
<u>Cash Flows From Investing Activities</u>		
Investments Sold	(695,372)	(192,313)
Investments Purchased	-	11,030
Purchase of Leasehold Imp., Property & Equipment	(98,115)	(8,048)
Net Cash Provided (Used) by Investing Activities	<u>(793,487)</u>	<u>(189,331)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(5,741)	(312,015)
Cash & Cash Equivalents at Beginning of Year	<u>702,628</u>	<u>1,014,643</u>
Cash & Cash Equivalents at End of Year	<u>\$ 696,887</u>	<u>\$ 702,628</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for Interest	<u>\$ 5,572</u>	<u>\$ 9,301</u>

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

Boys & Girls Clubs of Thurston County
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Statement of Functional Expense

Fiscal Year Ended August 31, 2023 (With Comparative Totals for 2022)	2023	2022			
	Program Services	Management & General	Fundraising	Total	Total
Salaries	\$ 1,222,366	\$ 310,136	\$ 364,072	\$ 1,896,574	\$ 1,994,749
Payroll Taxes	132,303	24,543	28,812	185,658	201,062
Employee Benefits	204,122	53,771	63,121	321,014	315,416
Scholarship Expense	103,400	-	-	103,400	-
Training & Education Expense	7,982	33,122	-	41,104	39,903
Repair and Maintenance	101,655	2,743	-	104,398	97,074
Insurance	31,886	1,772	1,771	35,429	24,217
Postage	1,698	1,968	1,968	5,634	2,693
Printing/Advertising	9,696	1,704	1,703	13,103	15,430
Professional Fees	25,325	210,299	-	235,624	95,615
Occupancy Expense	69,559	6,418	6,417	82,394	80,689
Supplies	144,085	22,362	151,202	317,649	300,042
Youth Transportation	53,797	-	-	53,797	46,236
Dues & Subscriptions	2,960	25,524	-	28,484	26,993
Vehicle Expenses	18,369	5,551	-	23,920	21,605
Meals	7,921	9,280	-	17,201	20,266
Inkind Expense	62,348	8,802	2,201	73,351	72,462
Admission & Entrance Expense	6,845	-	-	6,845	22,768
Rent Expense	25,682	19,005	6,677	51,364	44,878
Interest	-	5,572	-	5,572	9,301
Miscellaneous Expenses	-	4,919	-	4,919	4,107
Depreciation	183,911	3,792	1,896	189,599	201,206
Total Expenses	\$ 2,415,910	\$ 751,283	\$ 629,840	\$ 3,797,033	\$ 3,636,712

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

**Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization**

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission and Programs

The mission of the Boys and Girls Clubs of Thurston County (the BGCTC) is to inspire and enable youth to realize their greatness.

The BGCTC serves kids from ages 5 to 18 at four locations (Tumwater, Rochester, Lacey and Olympia) after school and during school break periods. In 2023, the BGCTC had 1,144 school age kids in memberships. Programs are offered to support kids in the areas of character and leadership development, education and career development, health and life skills, the arts and sports, and fitness and recreation.

Financial Statements

The BGCTC maintains its financial records on the accrual basis of accounting. Revenues on all grants are recognized (accrued) when qualifying expenditures under the grant are made. Grant funds are accounted for as without donor restrictions or with donor restrictions, as provided in the particular terms of the respective grant contracts. When restrictions on grant funds are met in the same year the funds are awarded, it is the policy of the BGCTC to record the grant funds as without donor restrictions in the statement of activities and changes in net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may vary from the estimates that were used.

Statement of Cash Flows

Cash and cash equivalents include cash on hand and cash on deposit in financial institutions.

Furniture and Equipment

Furniture and equipment purchased by the BGCTC is recorded at cost. Furniture and equipment donated to the BGCTC is capitalized at its estimated fair value. The BGCTC's policy is to expense the acquisition cost of equipment in the year it is purchased if its cost is less than \$1,000. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of furniture and equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts and any gains or loss is included in income.

**Boys & Girls Clubs of Thurston County
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Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Support

The BGCTC receives a substantial amount of its support from contributions. If a significant reduction in the level of this support occurred, it could have a significant effect on the BGCTC future programs and activities.

Comparative Totals

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

Liquidity and Availability

The BGCTC has \$889,954 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$671,882 and accounts receivable of \$218,072 as of August 31, 2023. The BGCTC has \$925,566 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$669,655 and accounts receivable of \$255,911 as of August 31, 2022. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The BGCTC has ongoing grants and contracts that will reimburse the BGCTC allowable expenditures for that grant or contract. The BGCTC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The BGCTC has restricted cash in the amount of \$25,005 and \$32,973 as of August 31, 2023 and 2022 respectively. See note 5.

The BGCTC also has investments and an endowment fund of \$1,780,307 and \$967,927 as of August 31, 2023 and 2022, respectively. See note 4.

Investments

The BGCTC records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Boys & Girls Clubs of Thurston County
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Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Leases

The BGCTC recognizes and measures its leases in accordance with FASB ASC 842, leases. The BGCTC is a lessee in an operating lease for facilities and equipment. The BGCTC determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The BGCTC recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or otherwise the BGCTC uses the Treasury Bill risk free rate with a term equivalent to the lease term. The implicit rate of the lease are not readily determinable and accordingly, the BGCTC uses the U.S. Treasury Bill risk free rate based on the information available at the commencement date for the lease. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments). Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The BGCTC has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the BGCTC is reasonable certain to exercise. We recognize lease cost associated with the short-term leases on a straight-line basis over the lease term.

Contributions

The BGCTC reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets. However, restricted gifts for which the donor restriction is met in the same period the gift is received are recorded as without donor restriction revenue.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions.

The BGCTC reports gifts of long-lived assets, as well as gifts of other assets restricted to the acquisition or construction of long-lived assets as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. With donor restrictions long-lived assets are considered to be released from restrictions as the asset is depreciated over its useful life. Absent explicit donor instructions about how long-lived assets must be maintained, the BGCTC reports the expiration of donor restriction when the donated or acquired asset is placed in service.

Bad Debts

The BGCTC does not provide an allowance for doubtful accounts, as required by generally accepted accounting principles, because historically bad debts have not been material. BGCTC uses the direct write-off method. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. For the fiscal years ended August 31, 2023 and 2022, there were bad debts of \$0, respectively.

**Boys & Girls Clubs of Thurston County
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Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Advertising

Advertising costs are expensed as they are incurred.

Allocation of Indirect Costs

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the BGCTC. Payroll and related costs are allocated based on time spent on each function.

Employee Benefits

The BGCTC provides its employees with paid annual and sick leave in accordance with its current policies. Sick leave benefits are cumulative only to the extent of use for illness. Accrued and unused annual leave is payable to the employee in cash upon termination.

The BGCTC has a 403(b) defined contribution money purchase plan for all eligible employees. The BGCTC provides for employer contributions of 6% of gross wages to all eligible employees. Pension expense for the fiscal years ended August 31, 2023 and 2022, was \$90,202 and \$83,780, respectively.

NOTE 2 – FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental and state agencies. Investments are made by diversified investment managers whose performance is monitored by us and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

The BGCTC receives a substantial amount of support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may affect the BGCTC's ability to continue its operation.

The BGCTC, at times, has cash deposits that exceed the insured limit by the U.S. Federal Deposit Insurance Corporation. As of August 31, 2023 and 2022, the uninsured cash balance totaled \$342,714 and \$66,552, respectively. There are no grant funds at risk and there was no loss for the year.

Boys & Girls Clubs of Thurston County
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Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 3 – PROPERTY AND EQUIPMENT

At August 31, 2023, property and equipment includes the following:

Furniture & Equipment	3 - 5 yrs	\$	408,541
Accumulated Depreciation			(267,913)
Total			\$ 140,628
Land & Land Improvements		\$	530,954
Leasehold Improvements	10 - 20 yrs		2,969,617
Accumulated Depreciation			(2,015,584)
Total			\$ 1,484,987

Net property and equipment at August 31, 2022, was \$1,717,100.

NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS

Investments include the stocks in the Navigate Financial account and the Endowment Fund, managed by Charles Schwab. The endowment fund is made up of Board Designated Funds and With Donor Restrictions Funds.

The earnings of the Endowment Fund will be used exclusively for the:

- Capital needs
- Program support
- Seed money for new projects and programs
- Special one-time projects, and
- Such other purposes as are specifically designated by donors

The distribution from the endowment will be no more than 5% of a three-year moving average of the Endowment Fund assets, determined as of August 31st each year. No distribution has been taken yet. The asset allocations are designed to provide an optimal asset mix for the portfolio, emphasizing diversification in order to lower risk and maximize "total return" relative to risk. The following table illustrates the diversification plan for the BGCTC.

U.S. Equities - Large Cap	30% - 50%
U.S. Equities - Small/Mid Cap	0% - 20%
International Developed Countries	0% - 20%
U.S. Core Bonds	20% - 60%
Cash Equivalent	5% - 25%

Boys & Girls Clubs of Thurston County
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Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON’T)

Change in endowment funds for the fiscal year ended August 31, 2023, are as follows:

	Board <u>Designated</u>	Time or Purpose <u>Restrictions</u>	<u>Total</u>
Beginning Balance	\$ 355,219	\$ 462,020	\$ 817,239
Bequests/Contributions	-	325,165	325,165
Investment Income (Loss)	-	103,565	103,565
Distributions	<u>-</u>	<u>-</u>	<u>-</u>
Ending Balance	<u>\$ 355,219</u>	<u>\$ 890,750</u>	<u>\$ 1,245,969</u>

Change in endowment funds for the fiscal year ended August 31, 2022, was (\$149,218).

As of August 31, 2023, the investments had the following cost basis:

Bonds	\$	416,407
Money Market Funds		400,666
Corporate Stocks		673,574
U.S. Treasury Securities		<u>110,577</u>
Total	\$	<u>1,601,224</u>

Cost basis as of August 31, 2022, was \$950,362.

Investment income (loss) for the fiscal year ended August 31, 2023, is as follows:

Unrealized Gain (Losses)	\$	117,007
Realized Gain (Losses)		1,132
Dividends		<u>17,050</u>
Total	\$	<u>135,189</u>

Investment income (loss) for the fiscal year ended August 31, 2022, was (\$157,186).

Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Boys & Girls Clubs of Thurston County
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Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the BGCTC has the ability to access.

Level 2: Inputs to valuation methodology include:

- A. Quoted prices for similar assets or liabilities in active markets.
- B. Quoted prices for identical or similar assets or liabilities in inactive markets.
- C. Inputs other than quoted prices that are observable for the asset or liability.
- D. Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2023.

Bonds and U.S. Treasury: Valued at the net asset value (NAV) of shares held by the BGCTC at year end.

Money Market Funds: The investments are reported at fair value based on quoted prices in active markets for identical assets.

Corporate Stocks: Valued at stock price per shares held by the BGCTC at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the BGCTC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the BGCTC’s assets at fair value as of August 31, 2023 with comparative totals for 2022:

	Level 1	Level 2	Level 3	2023 Total	2022 Total
Bonds	\$ 520,223	\$ -	\$ -	\$ 520,223	\$ 206,918
Money Market Funds	400,027	-	-	400,027	78,058
Corporate Stocks	759,944	-	-	759,944	538,611
U.S. Treasuries	100,113	-	-	100,113	144,340
Total Assets at Fair Value:	\$ 1,780,307	\$ -	\$ -	\$ 1,780,307	\$ 967,927

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 5 – RESTRICTED CASH & NET ASSETS WITH DONOR RESTRICTIONS

Capital restricted cash are donor restricted donations to be used for purchase of capital items for the clubs that have not been spent as of year end. As of August 31, 2023 and 2022, restricted cash for capital was \$1,973 and \$1,973 on the statement of financial position, respectively.

Scholarship restricted cash are donor restricted donations to be used for scholarships that have not been spent as of year end. As of August 31, 2023 and 2022, restricted cash for scholarships was \$21,000 and \$21,000, respectively.

Mental health restricted cash are donor restricted donations to be used for the mental health program that have not been spent as of year end. As of August 31, 2023 and 2022, restricted cash for mental health was \$0 and \$10,000, respectively.

School supplies restricted cash are donor restricted donations to be used for school supplies that have not been spent as of year end. As of August 31, 2023 and 2022, restricted cash for school supplies was \$2,032 and \$0, respectively.

As of August 31, 2023 and 2022, board designated was \$321,623 and \$316,552, respectively. These funds are board designated, to be used to fill a club position to support social, emotional, and mental health.

As of August 31, 2023 and 2022, with donor restriction endowment was \$890,750 and \$462,020, respectively. See Note 4.

As of August 31, 2023 and 2022, total net assets with donor restrictions were \$979,424 and \$544,088, respectively.

NOTE 6 – DONATED SERVICES & MATERIALS

During the fiscal years ended August 31, 2023 and 2022, BGCTC received donated materials and services. The value of donated materials and services is reflected in the financial statements as in-kind revenue and in-kind expense, and for the fiscal years ended August 31, 2023 and 2022, was \$9,651 and \$6,508, respectively. The value of donated advertising for the fiscal years ended August 31, 2023 and 2022, was \$400 and \$2,654, respectively.

NOTE 7 – LEASES

The BGCTC has obligations as a lessee for facilities and equipment with initial noncancellable terms in excess of one year. The BGCTC has classified this leases as operating leases. The leases are 5-year leases and will expire in 2027. Payments due under this lease is a monthly fixed payment.

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Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 7 – LEASES (CON'T)

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of August 31, 2023:

2024	\$ 43,368
2025	43,368
2026	16,118
2027	1,104
Thereafter	<u>0</u>
Total Lease Payments	103,958
Less Imputed Interest	<u>(917)</u>
Total Liability	<u>\$ 103,041</u>

The components of lease cost for the year ended August 31, 2023, are as follows:

Operating Lease Cost	\$43,368
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Supplemental cash flow information:

Reduction to ROU assets resulting from reductions to lease obligations:

Operating Lease	\$42,579
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ROU Assets Obtained in Exchange for Lease Obligation:

Operating Leases	\$103,041
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Remaining lease term:

Operating Lease	5 years
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Discounted rates:

Operating Leases	2.940%, 0.780%, and 0.490%
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NOTE 8 – CONTINGENCIES

Amounts received or receivable from government agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the BGCTC if so determined in the future. It is management's belief that no material amounts received or receivable, unless already provided for, will be required to be returned in the future.

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Notes to the Financial Statements

Fiscal Year Ended August 31, 2023

NOTE 9 – INCOME TAXES

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

The BGCTC files income tax returns in the U.S. federal jurisdiction. The BGCTC is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of August 31, 2023, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

The BGCTC recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended August 31, 2023, the BGCTC recognized \$0 in interest and penalties. The BGCTC recognized \$0 for the payment of interest and penalties accrued at August 31, 2023.

NOTE 10 – INVESTMENTS WITH FOUNDATION

During the fiscal year ended August 31, 2021, the Community Foundation of SPS (CFSPS) received a large gift in the amount of \$5,000,000 to be managed and held by (CFSPS). These funds are designed for use by BGCTC and set up with the following structure:

Grant

\$2,500,000 are unrestricted funds, which can be used at any time for Club purposes. Management need only request the funds to have them transferred from CFSPS. During the fiscal year ended August 31, 2023, BGCTC had requested a total of \$290,000. As of August 31, 2023, the grant had \$1,781,969 in available funds.

Endowment

\$1,500,000 is for Club graduates for scholarships to attend further educational and/or vocational training. Distribution from the endowment is restricted to 4% of the outstanding balance in the endowment. During the fiscal year ended August 31, 2023, BGCTC had requested a total of \$65,000. As of August 31, 2023, the endowment had \$1,579,684 in available funds.

\$1,000,000 is for Club member scholarships to enable participation in the Club. Distribution from the endowment is restricted to 4% of the outstanding balance in the endowment. As of August 31, 2023, the endowment had \$1,034,219 in available funds.

NOTE 11 - SUBSEQUENT EVENTS

The BGCTC did not have any subsequent events through March 29, 2024, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended August 31, 2022.