

# **Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries**

**Consolidated Financial Statements  
and Supplementary Information  
Years Ended June 30, 2024 and 2023**

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries**

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Consolidated Financial Statements and Supplementary Information  
Years Ended June 30, 2024 and 2023

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

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## **Independent Auditor's Report**

The Board of Directors  
Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries  
Orlando, Florida

### ***Opinion***

We have audited the consolidated financial statements of Boys & Girls Clubs of Central Florida, Inc. and its subsidiaries (the Organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits 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 Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 internal control-related matters that we identified during the audit.

### ***Other Matters***

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

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. Such information has been



subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*BDO USA, P.C.*

January 16, 2025

## **Consolidated Financial Statements**

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# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Consolidated Statements of Financial Position

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,407,953	\$ 5,648,985
Grants and contributions receivable, current portion, net	3,602,085	3,608,948
Investments	113	503,003
Prepaid expenses	299,478	429,493
<b>Total Current Assets</b>	<b>8,309,629</b>	<b>10,190,429</b>
<b>Property and Equipment, Net</b>	<b>28,778,036</b>	<b>29,821,963</b>
<b>Other Assets</b>		
Assets limited as to use	67,296,854	65,711,479
Investments, long term	2,384,241	2,219,041
Contributions receivable, long term, net	2,075,983	1,918,896
Contributed use of land	716,541	729,260
Leverage loan receivable	9,168,000	9,168,000
Right-of-use assets, net	271,138	68,314
Other	136,124	126,882
<b>Total Other Assets</b>	<b>82,048,881</b>	<b>79,941,872</b>
<b>Total Assets</b>	<b>\$ 119,136,546</b>	<b>\$ 119,954,264</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 547,820	\$ 582,510
Accrued expenses	845,753	765,899
Operating lease liabilities	271,742	69,988
Deferred revenues	69,588	32,637
Refundable advances	13,423	487,133
Non-refundable deposit on land held for sale	300,000	-
<b>Total Current Liabilities</b>	<b>2,048,326</b>	<b>1,938,167</b>
<b>Notes Payable, Net</b>	<b>12,164,965</b>	<b>12,143,000</b>
<b>Total Liabilities</b>	<b>14,213,291</b>	<b>14,081,167</b>
<b>Commitments and Contingencies (Note 10)</b>		
<b>Net Assets</b>		
Without donor restrictions	94,551,041	95,398,794
With donor restrictions	10,372,214	10,474,303
<b>Total Net Assets</b>	<b>104,923,255</b>	<b>105,873,097</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 119,136,546</b>	<b>\$ 119,954,264</b>

*See accompanying notes to consolidated financial statements.*



**Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries**  
**Consolidated Statements of Activities**

*Year ended June 30,*

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Operating Revenues and Support</b>						
Government revenues	\$ 9,101,573	\$ -	\$ 9,101,573	\$ 8,969,619	\$ 691,285	\$ 9,660,904
Contributions	4,684,752	2,405,331	7,090,083	5,049,925	1,798,758	6,848,683
In-kind contributions	1,921,693	-	1,921,693	1,564,743	-	1,564,743
United Way contributions	286,214	8,566	294,780	341,615	11,070	352,685
Special events	265,587	-	265,587	200,748	-	200,748
Dues and program services	686,390	-	686,390	563,967	-	563,967
Other revenues	1,056,712	-	1,056,712	710,398	-	710,398
Net assets released from restrictions	2,746,704	(2,746,704)	-	3,427,188	(3,427,188)	-
<b>Total Operating Revenues and Support</b>	<b>20,749,625</b>	<b>(332,807)</b>	<b>20,416,818</b>	<b>20,828,203</b>	<b>(926,075)</b>	<b>19,902,128</b>
<b>Operating Expenses</b>						
Program services	18,830,155	-	18,830,155	16,577,944	-	16,577,944
Supporting services:						
Management and general	3,653,183	-	3,653,183	3,464,350	-	3,464,350
Fundraising	1,964,728	-	1,964,728	1,711,730	-	1,711,730
<b>Total Operating Expenses</b>	<b>24,448,066</b>	<b>-</b>	<b>24,448,066</b>	<b>21,754,024</b>	<b>-</b>	<b>21,754,024</b>
<b>Change in Operating Net Assets</b>	<b>(3,698,441)</b>	<b>(332,807)</b>	<b>(4,031,248)</b>	<b>(925,821)</b>	<b>(926,075)</b>	<b>(1,851,896)</b>
<b>Non-Operating Support and Gains</b>						
Contributions restricted for capital projects	-	-	-	-	21,530	21,530
Investment return, net	2,850,688	230,718	3,081,406	2,006,759	164,139	2,170,898
<b>Total Non-Operating Support and Gains</b>	<b>2,850,688</b>	<b>230,718</b>	<b>3,081,406</b>	<b>2,006,759</b>	<b>185,669</b>	<b>2,192,428</b>
<b>Change in Net Assets</b>	<b>(847,753)</b>	<b>(102,089)</b>	<b>(949,842)</b>	<b>1,080,938</b>	<b>(740,406)</b>	<b>340,532</b>
<b>Net Assets, beginning of year</b>	<b>95,398,794</b>	<b>10,474,303</b>	<b>105,873,097</b>	<b>94,317,856</b>	<b>11,214,709</b>	<b>105,532,565</b>
<b>Net Assets, end of year</b>	<b>\$ 94,551,041</b>	<b>\$ 10,372,214</b>	<b>\$ 104,923,255</b>	<b>\$ 95,398,794</b>	<b>\$ 10,474,303</b>	<b>\$ 105,873,097</b>

*See accompanying notes to consolidated financial statements.*

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

Year ended June 30,	2024	2023
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (949,842)	\$ 340,532
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for capital projects	-	(21,530)
Depreciation and amortization	1,274,877	1,238,390
Amortization of pledge discount	52,959	19,981
Non-cash rent expense	93,695	90,570
Amortization of loan costs	21,965	21,963
Provision for uncollectible contributions	148,503	169,977
Donated stock	(316,900)	(206,621)
Net gain on assets disposal	(10,000)	(5,000)
Net investment return on non-operating investments	(3,081,406)	(2,170,898)
Cash provided by (used in):		
Grants and contributions receivable	(351,686)	(687,746)
Prepaid expenses	130,015	(81,144)
Other assets	(9,242)	(6,506)
Accounts payable and accrued expenses	45,164	301,940
Operating lease liabilities	(94,765)	(88,896)
Refundable advances	(473,710)	134,717
Nonrefundable deposit	300,000	-
Deferred revenue	36,951	(31,035)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(3,183,422)</b>	<b>(981,306)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(218,231)	(1,119,566)
Proceed from sale of assets	10,000	5,000
Cash return on non-operating investments	503,003	250,604
Purchases of investments	(26,835,689)	(2,971,667)
Proceeds from sale of investments	24,715,782	5,691,671
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(1,825,135)</b>	<b>1,856,042</b>
<b>Cash Flows from Financing Activities</b>		
Contributions restricted for capital projects	-	21,530
Payments received on mortgage receivable	1,500,000	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>1,500,000</b>	<b>21,530</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(3,508,557)</b>	<b>896,266</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>10,777,169</b>	<b>9,880,903</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 7,268,612</b>	<b>\$ 10,777,169</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	\$ 103,091	\$ 103,091
<b>Non-Cash Investing and Financing Activities</b>		
Establishment of right-of-use assets, net	\$ 296,519	\$ 158,884
Establishment of operating lease liabilities	296,519	161,098
<b>Supplemental Information</b>		
Cash and cash equivalents is included in the following captions on the consolidated statements of financial position:		
Cash and cash equivalents	\$ 4,407,953	\$ 5,648,985
Assets limited as to use	2,860,659	5,128,184
	<b>\$ 7,268,612</b>	<b>\$ 10,777,169</b>

*See accompanying notes to consolidated financial statements.*

**Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries**

**Consolidated Statements of Functional Expenses**

*Year ended June 30,*

	2024				2023			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
<b>Personnel</b>								
Employee payroll	\$ 8,334,838	\$ 1,482,825	\$ 896,569	\$ 10,714,232	\$ 7,568,207	\$ 1,426,367	\$ 730,259	\$ 9,724,833
Employee benefits	910,361	229,340	112,719	1,252,420	821,569	166,528	119,716	1,107,813
Payroll taxes	676,150	102,884	65,927	844,961	566,381	100,821	48,213	715,415
	<b>9,921,349</b>	<b>1,815,049</b>	<b>1,075,215</b>	<b>12,811,613</b>	<b>8,956,157</b>	<b>1,693,716</b>	<b>898,188</b>	<b>11,548,061</b>
<b>Other</b>								
Occupancy	2,231,306	57,254	12,506	2,301,066	1,893,653	64,032	9,420	1,967,105
Building repairs and maintenance	754,717	54,938	-	809,655	825,684	45,656	-	871,340
Equipment expenses	427,914	59,976	145,867	633,757	269,419	69,493	129,125	468,037
Transportation	340,441	26,397	21,230	388,068	293,048	37,090	19,723	349,861
Materials and supplies	2,245,590	33,499	444,836	2,723,925	1,959,584	58,230	357,011	2,374,825
Auction items for special events	-	-	161,583	161,583	-	-	122,638	122,638
Professional fees	800	458,263	-	459,063	-	245,890	-	245,890
Pre-employment fees	40,535	23,054	-	63,589	50,769	30,853	-	81,622
Contract services	832,415	131,199	16,613	980,227	564,984	173,698	23,450	762,132
Insurance	518,365	46,430	-	564,795	400,839	41,722	-	442,561
Postage, supplies, and printing	30,600	47,095	20,894	98,589	26,159	43,388	23,003	92,550
Training	51,964	46,157	175	98,296	49,088	20,593	-	69,681
Dues and subscriptions	111,556	57,190	17,542	186,288	87,923	55,547	2,169	145,639
Service charges	29,133	80,762	43,043	152,938	18,740	78,466	34,799	132,005
Miscellaneous	197,091	161,953	5,224	364,268	95,722	269,767	1,431	366,920
Interest	-	125,055	-	125,055	-	125,055	-	125,055
Property tax	-	235,257	-	235,257	-	211,382	-	211,382
Marketing	-	12,500	-	12,500	-	47,500	-	47,500
Capital campaign expenses	2,657	-	-	2,657	-	57	90,773	90,830
<b>Total Other Expenses</b>	<b>7,815,084</b>	<b>1,656,979</b>	<b>889,513</b>	<b>10,361,576</b>	<b>6,535,612</b>	<b>1,618,419</b>	<b>813,542</b>	<b>8,967,573</b>
<b>Total Expenses, before depreciation and amortization</b>	<b>17,736,433</b>	<b>3,472,028</b>	<b>1,964,728</b>	<b>23,173,189</b>	<b>15,491,769</b>	<b>3,312,135</b>	<b>1,711,730</b>	<b>20,515,634</b>
<b>Depreciation and Amortization</b>	<b>1,093,722</b>	<b>181,155</b>	<b>-</b>	<b>1,274,877</b>	<b>1,086,175</b>	<b>152,215</b>	<b>-</b>	<b>1,238,390</b>
<b>Total Expenses</b>	<b>\$ 18,830,155</b>	<b>\$ 3,653,183</b>	<b>\$ 1,964,728</b>	<b>\$ 24,448,066</b>	<b>\$ 16,577,944</b>	<b>\$ 3,464,350</b>	<b>\$ 1,711,730</b>	<b>\$ 21,754,024</b>

*See accompanying notes to consolidated financial statements.*

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### 1. Nature of Organization

Boys & Girls Clubs of Central Florida, Inc. (BGCCF) is a nonprofit organization that was established to provide behavioral prudence and to promote the health and the social, educational, vocational and character development of boys and girls in the Central Florida area.

On August 15, 2018, BGCCF formed the Boys & Girls Clubs of Central Florida Foundation, Inc. (Foundation) and transferred its board-designated endowment to the Foundation, as further discussed in Note 8. The Foundation was established to support the operations of BGCCF. The Board of Directors of BGCCF (Board) has the ability to appoint the majority of the Board of Directors of the Foundation. Therefore, the Foundation's financial statements are consolidated with BGCCF's financial statements since BGCCF has economic and controlling financial interest in the Foundation.

On November 22, 2019, BGCCF formed BGCCF NMTC, Inc. (NMTC) as a supporting entity to support the operations of BGCCF, including expansion of facilities. This entity also facilitated the new market tax credit financing, as further discussed in Note 6. BGCCF has the ability to appoint the majority of the Board of Directors of NMTC. Therefore, NMTC's financial statements are consolidated with BGCCF's financial statements since BGCCF has economic and controlling financial interest in NMTC.

On October 15, 2021, BGCCF received a contribution which included land valued at \$34,260,000 and the assumption of a mortgage promissory note receivable with a principal balance of \$2,700,000. The Board approved the contribution to be transferred to its board-designated endowment. In connection with the contribution, BGCCF formed Foundation RE Holdings LLC (LLC) on October 15, 2021 to hold the land and mortgage receivable. The LLC is a single member limited liability corporation, with the sole member being the Foundation and is therefore consolidated with the Foundation.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting and Principles of Consolidation*

The consolidated financial statements include the financial statements of BGCCF, the Foundation and its wholly owned subsidiary, LLC, and NMTC (collectively the Organization). All significant intercompany balances and transactions have been eliminated upon consolidation.

The consolidated financial statements of the Organization are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Operating and Non-Operating Revenues, Support, Gains and Losses*

Operating revenues and support were received to support current mission related activities of the Organization, while non-operating support, gains and losses are from contributions and related investment returns or other gains and losses that are not available for current mission related activities.

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### *Cash and Cash Equivalents*

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

### *Contribution of Land Held for Sale*

Land held for sale is measured at the lesser of its carrying amount or fair value less cost to sell and is included in assets limited as to use on the accompanying consolidated statements of financial position. The Organization received a contribution of land valued at \$34,260,000 during the year ended June 30, 2022, which has been classified as land held for sale. The land was valued based on comparable sales of similar properties in the area around the date of receipt, which represents its carrying amount.

During fiscal 2023, the Organization entered into a Purchase and Sale Agreement (Agreement) with an unrelated party to sell a portion of the land (Parcel 1), at which time a deposit was paid by the buyer and placed into escrow in the amount of \$500,000. The Agreement was amended on August 22, 2023 (First Amendment) to extend the closing date of sale to no later than June 30, 2024 for Parcel 1 and within 24 months thereafter for the remaining portion (Parcel 2). On April 5, 2024, the Organization entered into the Second Amendment to the Agreement, which required the buyer to release \$300,000 of the deposit upon execution of the Second Amendment and the remaining \$200,000 within 30 days of the approval date of the project by Seminole County, Florida, which was June 27, 2024. As of June 30, 2024, the Organization received \$300,000 of deposit, which is included in assets limited as to use and non-refundable deposit on the accompanying consolidated statements of financial position. The Second Amendment also extended the closing date for Parcel 1 to no later than March 31, 2025. The released deposits will be applied to the purchase price at closing of Parcel 1. These sales will be recorded upon their respective closing dates.

### *Assets Limited as to Use*

Assets limited as to use include cash and cash equivalents, investments and certain nonfinancial assets held as board designated for endowment and board designated for capital projects, as well as loan proceeds which are held in restricted cash accounts for payment of expenses reimbursement, interest, and service charges related to the notes payable discussed in Note 6. These cash accounts are legally restricted and the Organization must obtain certain approvals prior to withdrawals.

### *Investments*

Investments are stated at fair value, except for certificates of deposit having original maturity dates greater than three months, which are stated at amortized cost. Realized and unrealized gains and losses are combined with investment income earned during the period and presented as investment return on the accompanying consolidated statements of activities. Investment expenses are netted against investment income.

### *Grants and Contributions Receivable*

Grants receivable represent amounts due to the Organization from federal, state and local governments for services rendered under contractual obligations and grants from Boys & Girls Club of America, corporations and foundations. All outstanding grants receivable are expected to be collected within one year, and therefore, an allowance for uncollectible amounts was not recorded.

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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Contributions receivable consist of unconditional promises to give and are recorded when the promises to contribute are made. Contributions receivable which are expected to be collected in more than one year are stated at the present value of estimated future receipts. The Organization provides an allowance for uncollectible contributions based on historical collection experience.

### ***Mortgage Receivable***

The Organization's mortgage receivable was stated at its unpaid principal balance and represents the assumption of a \$2,700,000 promissory note receivable in connection with a contribution received on October 15, 2021. The Organization received a prepayment of \$1,200,000 on the mortgage during the year ended June 30, 2022 and final payment of \$1,500,000 during the year ended June 30, 2024. The mortgage receivable required monthly interest payments at an annual rate of 4% through the maturity date of April 2024. The mortgage receivable is included in assets limited as to use on the accompanying consolidated statement of financial position at June 30, 2023.

### ***Property and Equipment***

The Organization capitalizes all property and equipment with a cost in excess of \$1,000 and useful life over one year. Property and equipment are recorded at cost when purchased or at fair value on the date received if donated. Buildings and equipment are depreciated using the straight-line method over the estimated life of the assets.

### ***Impairment of Long-Lived Assets***

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During fiscal years 2024 and 2023, there were no impairments of long-lived assets.

### ***Government and Contribution Revenue and Donor-Imposed Restrictions***

The Organization records unconditional promises to give as contribution revenue when cash, securities, other assets or an unconditional promise to give is received. Conditional promises to give with a measurable performance barrier or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Government revenues are recorded as contributions when conditions for expenditure are met. Government contributions that are received before the conditions are met are recorded as refundable advances on the accompanying consolidated statements of financial position. The Organization has refundable advances of \$13,423 and \$487,133 at June 30, 2024 and 2023, respectively. The Organization has conditional contributions of \$1,940,000 at June 30, 2024 that are not recorded on the accompanying consolidated financial statements as the related conditions, which represent construction of a facility, have not been met. There were no conditional contributions at June 30, 2023.

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as donor restricted support that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

### ***Revenue Recognition***

Operating revenues include the exchange portion of special events, dues and program services revenue and thrift store revenue included in other revenues.

The exchange portion of special events revenue represents the fair value of goods and services provided and is recognized at the point in time when the event takes place with any amounts received in advance of the event recognized as deferred revenue. The contribution portion of special events revenue is recognized as contributions when the event takes place unless the donor has waived the right to a refund, in which case the contributions are recognized when received. Contributions received in advance of the event with no waived right of refund are recognized as refundable advances.

Dues and program services are recognized as revenue at the point in time when the related services, which represents the Organization's performance obligations, are provided. Amounts received in advance of services being provided are recognized as deferred revenue.

Thrift store revenue is recognized at the point in time when the goods are sold to the customer.

### ***Contributed Use of Land***

Contributed use of land represents unconditional contributions of land underlying the Organization's facilities under lease agreements with third parties (see Note 10). Contributed use of land is recorded as an asset and contribution with donor restrictions at fair value of the underlying asset when the unconditional contribution is received. The contribution is included in net assets with donor restrictions and is released from restrictions over the lease term as the land is being used.

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# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### *In-Kind Contributions*

Donated goods and services are recorded at fair value on the date donated and presented as in-kind contributions in the accompanying consolidated statements of activities. The Organization received the following in-kind contributions which are reported as operating revenues and support:

<i>Year ended June 30,</i>	<b>2024</b>	<b>2023</b>
Facilities rent	\$ 1,539,335	\$ 1,219,151
Equipment	-	100,000
Professional services	800	25,780
Program materials and supplies	5,300	49,036
Advertising	16,000	-
Auction items for special events	161,584	122,638
Theme park tickets	6,402	7,560
Other	192,272	40,578
<b>Total</b>	<b>\$ 1,921,693</b>	<b>\$ 1,564,743</b>

The Organization recorded approximately \$1,500,000 and \$1,200,000 of facilities rent for the years ended June 30, 2024 and 2023, respectively, which represents the excess of the fair rental value of the facility leases over below market rent payments due under lease agreements. The fair rental value of the facilities is determined based on rent on similar rental properties within the same area. Contributed services are recognized as contributions and recorded at fair value if the services create or enhance nonfinancial assets, require specialized skills and are performed by individuals with those skills and would otherwise be purchased by the Organization. During the years ended June 30, 2024 and 2023, the Organization received \$800 and \$25,780, respectively, of contributed services consisting mainly of legal and event professional services. Fair value of these services is determined based on billing rates for such services. Equipment, advertising, auction items, program materials and supplies, and theme park tickets have also been received and recorded at fair market value based on retail price set by vendors of these item

These donated goods and services are reflected as in-kind contributions revenue on the accompanying consolidated statements of activities and for those that are not capitalized, the related expense is recorded in its natural classification on the accompanying consolidated statements of functional expenses.

The Organization has numerous volunteers providing assistance to the Organization's program services and fundraising campaigns which are not recognized in the accompanying consolidated financial statements.

### ***Net Assets***

*Net Assets Without Donor Restrictions* - Net assets without donor restrictions represents funds that are available without restriction for carrying out the Organization's objectives and funds that have been designated by the Board.

*Net Assets with Donor Restrictions* - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions as well as assets to be maintained by the Organization in perpetuity.



# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### *Functional Expenses*

The costs of providing the various programs and other activities have been summarized as program services, management and general, and fundraising. Employer and payroll related expenses are allocated among functional categories based on the proportion of time spent relative to each function. All other expenses are directly charged to the functional category to which they relate.

### *Fair Value of Financial Instruments*

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring 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 below:

*Level 1* - Valuation is based on unadjusted quoted prices in active markets for identical assets or liabilities.

*Level 2* - Valuation is based on observable quoted prices for similar assets and liabilities in active markets.

*Level 3* - Valuation is based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, grants receivable, contributions receivable due in one year or less, accounts payable and accrued expenses. Contributions due beyond one year are recorded at their net present value using a risk-free interest rate available on U.S. Treasury issues at the date the pledge was made with an equivalent term approximately equal to the number of years the contribution will be paid, which approximates fair value. The Organization's leverage loan receivable, mortgage receivable and notes payable are estimated based on current rates that would be available for debt of similar terms which is not significantly different from their stated value.

The Organization's Level 1 financial assets consist of investments identified in Note 3 and are valued on a daily basis in an active market. The Organization does not have any Level 2 or Level 3 financial assets or liabilities.

### *Leases*

The Organization determines if an arrangement is a lease or contains a lease, including lease classification as operating or finance, at inception. In a lessee arrangement, leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

In accordance with Accounting Standard Codification 842, *Leases (Topic 842)*, a lease liability is measured at the present value of the lease payments over the lease term for new leases. The ROU asset equals the lease liability adjusted for any initial direct costs and lease incentives. The Organization elected the practical expedient to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term remaining as of the date of adoption. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization elected the practical expedient not to separate lease and non-lease components for all leases. Lease terms may include options to extend the lease and the present value of future minimum lease payments includes these options only when they are reasonably certain to be exercised.

The Organization has also elected the practical expedient not to record leases with an initial term of 12 months or less on the accompanying consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

The Organization's operating leases with third parties without consideration exchanged for the use of related land or facilities are not accounted for under Topic 842 because they do not meet the definition of a lease. The Organization's leases for retail and warehouse space and lease arrangements with NMTC are accounted for under Topic 842. Terms for all arrangements are further discussed in Note 10.

### ***Income Taxes***

BGCCF, the Foundation and NMTC are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions in the Florida Income Tax Code. The LLC is treated as a disregarded entity of the Foundation.

The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the consolidated statements of financial position. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization's tax years currently subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### *Accounting Pronouncement Adopted*

#### *Credit Losses*

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU includes financial assets recorded at amortized cost basis, such as loan receivables, trade, and certain other receivables, as well as certain off-balance-sheet credit exposures, such as loan commitments and financial guarantees. The ASU does not apply to financial assets measured at fair value, and loans and receivables between entities under common control. The Organization adopted this standard using the modified retrospective approach as of July 1, 2023. The adoption of this standard did not have a material impact on the Organization's consolidated financial statements.

### 3. Investments and Assets Limited as to Use

#### *Investments*

The Organization's investments consist of the following:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Certificates of deposit	\$ -	\$ 503,003
Level 1:		
Small cap equities	2,831,101	2,925,670
Mid cap equities	3,137,075	3,991,482
Large cap equities	7,149,368	6,128,733
REIT/Infrastructure	724,092	-
International equities	3,541,037	2,910,586
Fixed income mutual funds	15,177,876	11,085,865
<b>Total Level 1 Investments</b>	<b>32,560,549</b>	<b>27,042,336</b>
<b>Total Investments</b>	<b>\$ 32,560,549</b>	<b>\$ 27,545,339</b>

The Organization's investments are included in the following captions on the consolidated statements of financial position:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Investments, current	\$ 113	\$ 503,003
Investments, long term	2,384,241	2,219,041
Assets limited as to use	30,176,195	24,823,295
<b>Total</b>	<b>\$ 32,560,549</b>	<b>\$ 27,545,339</b>

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

Investment return is presented as non-operating support and gains on the consolidated statements of activities and consists of the following:

<i>Year ended June 30,</i>	<b>2024</b>	<b>2023</b>
Net realized and unrealized gain on investments	\$ 2,063,194	\$ 1,368,164
Dividends and interest	1,119,408	956,531
Investment management fees	(101,196)	(153,797)
<b>Total</b>	<b>\$ 3,081,406</b>	<b>\$ 2,170,898</b>

### *Assets Limited as to Use*

Assets limited as to use are as follows:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Investments held as board designated endowment	\$ 30,176,195	\$ 24,823,295
Land held for sale	34,260,000	34,260,000
Mortgage receivable	-	1,500,000
Cash and cash equivalents held as board designated endowment	2,099,170	4,323,132
Cash and cash equivalents held as board designated for capital replacement reserve	570,346	523,634
Cash and cash equivalents held in restricted cash accounts for JBCO building construction and interest and service charges for notes payable	191,143	281,418
<b>Total</b>	<b>\$ 67,296,854</b>	<b>\$ 65,711,479</b>

## **4. Grants and Contributions Receivable**

Grants and contributions receivable are due as follows:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Less than one year	\$ 3,839,967	\$ 4,091,016
One to five years	1,950,154	1,476,059
More than five years	350,084	364,133
	6,140,205	5,931,208
Less: allowance for uncollectible contributions receivables	(237,882)	(232,068)
Less: present value discount on contributions receivable ranging from 0.29% to 4.33%	(224,255)	(171,296)
<b>Total</b>	<b>\$ 5,678,068</b>	<b>\$ 5,527,844</b>

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

Grants and contributions receivable are included in the following captions on the consolidated statements of financial position:

<i>June 30,</i>	2024	2023
Grants and contributions receivable, current portion, net	\$ 3,602,085	\$ 3,608,948
Contributions receivable, long-term, net	2,075,983	1,918,896
<b>Total</b>	<b>\$ 5,678,068</b>	<b>\$ 5,527,844</b>

### 5. Property and Equipment

Property and equipment is summarized as follows:

<i>June 30,</i>	2024	2023	Useful Life (Years)
Land	\$ 419,650	\$ 419,650	-
Buildings and improvements	36,591,176	36,583,576	5-40
Furniture and equipment	3,199,072	3,042,866	5-10
Automotive equipment	538,688	557,021	5
Construction in progress	60,314	60,314	-
	40,808,900	40,663,427	
Less: accumulated depreciation	(12,030,864)	(10,841,464)	
<b>Total</b>	<b>\$ 28,778,036</b>	<b>\$ 29,821,963</b>	

### 6. Leverage Loan Receivable, Notes Payable and New Market Tax Credit Financing

On December 31, 2019, NMTC entered into a Loan Agreement and related notes payable in connection with a new market tax credit transaction (transaction) to help finance the construction of the Joe R. Lee (JRL) and JBCO clubs. The New Market Tax Credit Program was designed to stimulate investment and economic growth in low-income communities by offering a seven-year, 39% federal tax credit for Qualified Equity Investments (QEI) made through investment vehicles known as Community Development Entities (CDEs). CDEs use capital derived from tax credits to make loans to or investments in businesses and projects in low-income areas under favorable economic terms, typical of this type of tax credits-based transaction.

The transaction is composed of several sub-transactions, as described below:

*QALICB* - For the sole purpose of facilitating the transaction as a Qualified Active Low-Income Community Business (QALICB), BGCCF created NMTC, which was formed pursuant to the filing of those certain Articles of Incorporation with the Florida Secretary of State on November 22, 2019.

*Leverage Loan* - As part of the transaction, BGCCF committed to lend \$9,368,000 to an Investment Fund owned by U.S. Bancorp Community Development Corporation (Investor). Fees totaling \$200,000 were deducted from this amount and the net of \$9,168,000 was contributed to the Investment Fund and is shown as leverage loan receivable on the accompanying consolidated

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

statement of financial position as of June 30, 2024 and 2023. The proceeds of this leverage loan were used by the Investment Fund towards making a QEI into three CDEs as listed below. The leverage loan receivable bears an interest rate of 0.81046%, matures on September 30, 2049 and is collateralized by the Investor's equity interests in the CDEs.

*Investment by Investor* - As part of the transaction, the Investor contributed \$4,157,400 as an equity investment into the Investment Fund. Fees totaling \$325,400 were deducted from this amount and the net of \$3,832,000 was contributed to the Investment Fund.

*Allocation of Investment Fund to Sub-CDEs* - The \$13,000,000 total Investment Fund created as a result of the transactions above was allocated between three Sub-CDEs as follows: (i) PCC Sub-CDE 11, LLC (PCC) for \$5,000,000; (ii) BBIF Subsidiary CDE 10, LLC (BBIF) for \$4,000,000; and (iii) USBCDE Sub-CDE 194, LLC (USB) for \$4,000,000. A total of \$280,000 in fees was deducted at the time of allocation by the Sub-CDEs, which resulted in a net amount of \$12,720,000 available to lend.

*Qualified Low-Income Community Investment (QLICI Loans)* - Under the transaction the following QLICI A and B loans were made to NMTC from the Sub-CDEs and included in notes payable in the accompanying consolidated statements of financial position:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
1. QLICI Loan A (USB)	\$ 2,802,462	\$ 2,802,462
2. QLICI Loan B (USB)	1,157,538	1,157,538
3. QLICI Loan A (BBIF)	2,962,462	2,962,462
4. QLICI Loan B (BBIF)	997,538	997,538
5. QLICI Loan A (PCC)	3,403,076	3,403,076
6. QLICI Loan B (PCC)	1,396,924	1,396,924
<b>Total Notes Payable</b>	<b>12,720,000</b>	<b>12,720,000</b>
Less: unamortized loan costs	(555,035)	(577,000)
<b>Notes Payable, Net</b>	<b>\$ 12,164,965</b>	<b>\$ 12,143,000</b>

The QLICI Loans bear interest at a fixed rate equal to 0.81046% and mature on September 30, 2049. The QLICI Loans are secured by restricted cash and cash equivalents accounts, which are included in assets limited as to use on the accompanying consolidated statements of financial position (see Note 3), and the assignment of any rent revenue NMTC receives from BGCCF for operations at the JRL and JBCO facilities.

Neither BGCCF nor NMTC controls or has economic interest in the assets of either the QEI or the CDEs. The QEI is controlled and wholly owned by US Bank, and the Investment Fund controls and funds the CDEs.

Effective December 31, 2019, BGCCF entered into an unconditional continuing guarantee of obligations agreement with the CDEs under which BGCCF guarantees compliance with all payments, obligations, duties and agreements of the Organization under the terms of the debt agreements.

In order for the Investor to earn the tax credit, the QEI must remain invested in the CDEs for a seven-year period from January 1, 2020 through December 31, 2026 (Compliance Period). NMTC has significant reporting requirements to its lenders, including financial reports and community impact reports during the Compliance Period. NMTC is restricted against accumulating and holding certain

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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types of assets (including options, stocks, promissory notes and excess cash), having its own employees, or otherwise engaging in activities unrelated to BGCCF. Provided NMTC satisfies the foregoing requirements and avoids violating the foregoing restrictions, it will remain in substantial compliance with its obligations pursuant to the financing.

BGCCF and the Investor have executed a Put and Call Agreement to take place at the end of the Compliance Period. Under the Put and Call Agreement, the Investor can exercise a put option to sell all its interest in the Investment Fund for \$1,000 to BGCCF. If the Investor does not exercise the put option within six months after the Compliance Period, BGCCF can exercise a call option to purchase the interest of the Investment Fund at an appraised fair market value. The intention is for the Investor to exercise the put option at the end of the Compliance Period in order to allow them to pursue other new market tax credit projects and management believes that there is no incentive for the Investor to stay in the project thereafter. These put/call options do not represent embedded derivatives and, accordingly, have not been accounted for as derivative instruments in BGCCF's consolidated financial statements.

Assuming compliance with the requirements of the transaction, management intends on exercising the put option at the end of the Compliance Period. Upon the put option being exercised, NMTC will be dissolved, and its net assets will be transferred to BGCCF.

The Put and Call Agreement will allow BGCCF to gain control of the Investment Fund, there would be no residual amounts due to or from any external third parties, and BGCCF would record a net gain associated with the dissolution of the \$9,168,000 Leverage Loan Receivable from the Investment Fund and the \$12,720,000 QLICI Loans Payable. After transaction expenses of approximately \$692,000, BGCCF expects this net gain after dissolution to be approximately \$2,860,000.

### 7. Profit-Sharing Plan

The Organization established a 401(k) profit sharing plan (the Plan) effective January 1, 2005. Employees must be 21 years of age and must have completed one year of full-time employment before they become eligible to participate. The Plan provides a graded vesting schedule from two to six years of service. The Organization will contribute the equivalent of 7% of the employee's salary as a profit sharing contribution and provides for a safe harbor match whereby the Organization will contribute, on a matching basis, a dollar for dollar match on the first 3% of employee contribution and a 50% match on the next 2%. The Organization's policy is to fund the Plan's administrative costs. Contributions to the Plan for the years ended June 30, 2024 and 2023, were \$557,987 and \$460,110, respectively, and are included in employee benefits in the accompanying consolidated statements of functional expenses.

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### 8. Net Assets and Endowments

#### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions consist of the following:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Designated for property and equipment	\$ 28,778,036	\$ 29,821,963
Board-designated endowment	66,535,365	64,906,427
Board-designated capital replacement reserve	570,346	523,634
Undesignated net assets (deficit)	(1,332,706)	146,770
<b>Total</b>	<b>\$ 94,551,041</b>	<b>\$ 95,398,794</b>

#### *Net Assets with Donor Restrictions*

Net assets with donor restrictions are restricted as follows:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Capital expenditures	\$ 3,222,050	\$ 3,809,473
United Way time restricted contributions	103,165	100,737
Time restricted contributions	2,086,714	1,648,188
Contributed use of land	716,541	729,260
Program operations	3,053,007	2,995,908
<b>Total Subject to Expenditure</b> , for specified purpose or period	<b>9,181,477</b>	<b>9,283,566</b>
Endowment funds restricted in perpetuity	1,190,737	1,190,737
<b>Total</b>	<b>\$ 10,372,214</b>	<b>\$ 10,474,303</b>

The intent of the Organization's capital fundraising campaign, as determined by the Board, is that upon satisfaction of donors' restrictions for capital expenditures, any remaining contributions not spent will be designated by the Board and become a board-designated capital replacement reserve, at which time the remaining funds will be released to net assets without donor restrictions.

Net assets were released from donor restrictions as follows:

<i>Year ended June 30,</i>	<b>2024</b>	<b>2023</b>
Capital expenditures	\$ 587,423	\$ 608,015
United Way time restricted contributions	6,138	13,351
Time restricted contributions	536,186	697,783
Program operations	1,604,237	2,095,320
Contributed use of land	12,720	12,719
<b>Total</b>	<b>\$ 2,746,704</b>	<b>\$ 3,427,188</b>



# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### *Donor Restricted and Board Designated Endowments*

The Organization records its donor restricted endowment funds as net assets with donor restrictions. These assets consist of investments held in perpetuity with investment income used to support general operations, the Youth of the Year program and the Joe R. Lee Club operations. Net assets with donor restrictions include the principal of donor restricted endowments that must be maintained permanently and not used up, expended or otherwise exhausted.

In April 2018, the Board of Directors approved the establishment of a board-designated endowment fund, the purpose of which is to fund future operating costs of BGCCF. During fiscal year 2019, the Board approved the formation of the Foundation and transferred the board-designated endowment to the Foundation.

The Organization's return objective for endowment funds are low yield based on risk parameters that are also very low to protect the endowment corpus. The amount of endowment funds available for distributions is determined on the basis of a total-return principal and will not be dependent upon income generated through interest or dividends. The endowment funds available for distribution during any one year will be limited to five percent of the market value of the corpus, effective December 31 of the given year. Distributions may also be made upon written request of the President, with Board approval.

Endowment net assets composition by type of fund are as follows:

### *June 30, 2024*

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	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	\$ 66,535,365	\$ -	\$ 66,535,365
Donor restricted endowment funds	43,103	2,384,239	2,427,342
	\$ 66,578,468	\$ 2,384,239	\$ 68,962,707

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### *June 30, 2023*

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	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	\$ 64,906,427	\$ -	\$ 64,906,427
Donor restricted endowment funds	33,856	2,165,390	2,199,246
	\$ 64,940,283	\$ 2,165,390	\$ 67,105,673

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# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

Changes in the Organization's endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment Net Assets, June 30, 2022</b>	\$ 62,841,792	\$ 2,007,293	\$ 64,849,085
Contributions	100,690	-	100,690
Interest and dividends	878,646	69,761	948,407
Net realized and unrealized gain on investments	1,261,894	106,271	1,368,165
Investment fees	(142,739)	(11,892)	(154,631)
Distributions	-	(6,043)	(6,043)
<b>Endowment Net Assets, June 30, 2023</b>	64,940,283	2,165,390	67,105,673
Contributions	100,660	-	100,660
Interest and dividends	1,027,677	79,832	1,107,509
Net realized and unrealized gain on investments	1,904,504	158,691	2,063,195
Expenses	(275,592)	-	(275,592)
Investment fees	(94,314)	(7,805)	(102,119)
Distributions	(1,024,750)	(11,869)	(1,036,619)
<b>Endowment Net Assets, June 30, 2024</b>	\$ 66,578,468	\$ 2,384,239	\$ 68,962,707

The Board of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary or original. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Earnings on the donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA or as net assets without donor restrictions.

In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### 9. Financial Assets and Liquidity Resources

The Organization's financial assets available within one year for general expenditure, not including board designated and donor-restricted endowments, are as follows:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 88,739	\$ 986,103
Investments	113	503,003
Grants and contributions receivable, net	2,725,850	2,664,724
<b>Net Financial Assets and Liquidity Resources Available Within One Year</b>	<b>\$ 2,814,702</b>	<b>\$ 4,153,830</b>

The Organization's endowment funds consist of board designated and donor-restricted endowments as discussed in Note 8. The board designated endowment is held by the Foundation to support future operating costs of BGCCF. The Board can approve an annual contribution from the Foundation to BGCCF, subject to the spending policy of no more than five percent of the market value of the board designated endowment fund. Income from the donor-restricted endowment is restricted for general and specific program operations. Endowment funds are invested with the objective of preserving capital and liquidity while seeking an appropriate level of investment return. Excess cash generated by operations is placed in appropriate short-term vehicles to maintain capital, liquidity and diversification.

### 10. Commitments and Contingencies

#### *Operating Leases with Unrelated Parties*

The Organization has entered into non-cancelable leases for warehouse and retail space under agreements with maturity dates in February and March 2027, respectively. As of June 30, 2024 and 2023, the weighted-average remaining lease term for these leases is approximately 33 and nine months, respectively, and the weighted-average discount rate used to calculate the operating lease liabilities is 2.88% for both years.

The right-of-use assets and future payments due under lease obligations related to retail and warehouse leases consist of the following:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Operating ROU Assets	\$ 296,519	\$ 158,884
Less: accumulated amortization	(25,381)	(90,570)
<b>Operating ROU Assets, Net</b>	<b>\$ 271,138</b>	<b>\$ 68,314</b>
<i>Year ended June 30,</i>	<b>2024</b>	<b>2023</b>
Total Future Lease Payments	\$ 283,018	\$ 70,904
Less: imputed interest	(11,276)	(916)
<b>Total Operating Lease Liabilities</b>	<b>\$ 271,742</b>	<b>\$ 69,988</b>

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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The components of total lease cost associated with the Organization's operating leases are approximated as follows and is included in occupancy expense on the consolidated statement of functional expenses:

<i>Year ended June 30,</i>	<b>2024</b>		<b>2023</b>	
Operating lease expense	\$	<b>129,504</b>	\$	126,594
Short-term lease expense		<b>14,200</b>		17,700
	\$	<b>143,704</b>	\$	144,294

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As of June 30, 2024 and 2023, future payments due under these leases are minimal and are therefore not presented by year.

### ***Nassau Clubs***

Effective July, 1, 2017, the Organization entered into a Support Agreement and Lease Agreement with The Boys & Girls Club of Nassau County Foundation, Inc. (Nassau Foundation), an unrelated party, which provides for funding of operations and leasing of its facilities. The Nassau Clubs will be managed and operated by the Organization and the Nassau Foundation will fund the operations. In addition, the Nassau Foundation will pay to the Organization an administrative fee of 8% of the annual direct operational expenses of the Nassau Clubs which were \$101,081 and \$81,710 during the years ended June 30, 2024 and 2023, respectively, and recorded as contributions revenue on the accompanying consolidated statements of activities. The Organization recorded approximately \$362,000 and \$320,000 for the years ended June 30, 2024 and 2023, respectively, in donated facilities rent which represents the excess of the fair rental value of the facility leases over below market rent payments due under lease agreements. The Support Agreement can be terminated by either party upon six months' notice in writing. The Lease Agreement provides for annual payments of \$10 with automatic annual extensions unless terminated by either party in writing 30 days prior to the end of the term of their intent not to renew.

On July 31, 2024, the Organization entered into an Assignment and Support Agreement with The Boys and Girls Clubs of Nassau County Foundations, Inc. (Nassau Foundation) and Boys & Girls Clubs of Northeast Florida, Inc. (BGCNF), an unrelated party, whereby the Nassau Clubs (Miller Freedom Center Boys & Girls Club, Roberts Learning & Achievement Center Boys & Girls Club, and Journey Church West Campus) will be assigned to, chartered, managed, and operated by BGCNF, effective August 26, 2024.

### ***Joe R. Lee and JBCO Clubs***

During fiscal 2020, BGCCF entered into two separate lease agreements with third parties for \$1 per year for the lease of the land underlying the Joe R. Lee and JBCO facilities for a period of 99 and 40 years, respectively.

The fair rental value of the contributed land was \$487,870 and \$282,272 for the Joe R. Lee and JBCO, respectively, and was recorded as contributed use of land with donor restrictions in the accompanying consolidated statements of activities during the year ended June 30, 2020. In accordance with Accounting Standards Codification Topic 958-605, *Not-for-Profit Entities*, no discount was recorded on this multi-year contribution as the future fair value of the land is difficult to determine. Under the term of the land lease underlying the JBCO facility, BGCCF agreed to

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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construct an after-school facility of which BGCCF will operate and maintain during the lease term. At the end of the lease term, the ownership of JBCO facility will revert to the landlord.

### **Operating Leases with NMTC**

On December 31, 2019, the Organization entered into operating lease agreements with NMTC for the Organization's use of the Joe R. Lee and JBCO facilities owned by NMTC. The term for the Joe R. Lee Club license commenced February 1, 2020 for a period of 32 years at an annual usage rate of \$44,500 through June 2026 and \$177,900 beginning July 2026. The term for the JBCO Club license commenced December 1, 2020 for a period of 32 years at an annual usage rate of \$139,500 through June 2026 and \$558,100 beginning July 2026. Rental income and expense of \$184,000 has been eliminated from the accompanying consolidated statements of activities during the years ended June 30, 2024 and 2023. The operating license agreements may be terminated upon the seventh year from commencement pursuant to the put and call agreement further discussed in Note 6.

As of June 30, 2024 and 2023, the weighted-average remaining lease term for these leases is approximately three and four years, respectively, and the weighted average discount rate used to calculate the operating lease liabilities is 2.88% for both years. The ROU assets and future payments due under lease obligations related to Joe R. Lee and JBCO facility leases consist of the following:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Operating ROU Assets	\$ 941,886	\$ 941,886
Less: accumulated amortization	(406,053)	(200,740)
<b>Operating ROU Assets, Net</b>	<b>\$ 535,833</b>	<b>\$ 741,146</b>
<i>Year ending June 30,</i>		
2025		\$ 184,000
2026		184,000
2027		368,000
<b>Total Lease Payments</b>		<b>736,000</b>
Less: imputed interest		(34,288)
<b>Total Operating Lease Obligations</b>		<b>\$ 701,712</b>

The ROU assets and lease liability under the leases with NMTC are eliminated from the accompanying consolidated statement of financial position as of June 30, 2024 and 2023.

### **Leesburg Youth Enrichment Center**

On December 13, 2021, the Organization entered into a conditional Facility Use Agreement (Agreement) with the City of Leesburg for the construction and lease of the Youth Enrichment Center to be operated and managed by the Organization which was completed and opened in June 2022. Based on the terms of the Agreement, the City of Leesburg is leasing the facility to the Organization for 40 years at \$1 per year effective July 1, 2022. In connection with the Agreement, the Organization made a capital contribution of \$500,000 to the City of Leesburg for the costs of construction of the facility, which is included in property and equipment on the accompanying consolidated statement of financial position. The value of the contributed use of facilities is

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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immaterial for the year ended June 30, 2024 and 2023 and is therefore not included in the accompanying consolidated financial statements.

### **Legal**

The Organization is subject to claims and legal proceedings which arise in the ordinary course of business. Management believes that losses resulting from these matters, if any, would not have a material adverse effect on the financial position or results of activities of the Organization.

### **11. Concentration of Credit Risk**

The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents and investments. Cash and cash equivalents include checking and money market accounts placed with federally insured financial institutions and investments. Cash and cash equivalents may at times exceed federally insured limits. The Organization has not experienced any losses on such accounts. Investments consist of certificates of deposits, equities and fixed income mutual funds. Although the market value of investments is subject to fluctuations on a day-to-day basis, management believes the current investment strategy is prudent for the long-term welfare of the Organization.

### **12. Economic Dependency**

The Organization recognized revenues from Orange County, Florida, which represented 16% and 17% of the Organization's total operating revenue and support for each of the years ended June 30, 2024 and 2023, respectively. In addition, during 2024 and 2023, the Organization recognized revenues from the federal government which represented approximately 17% and 24%, respectively, of the Organization's total operating revenue and support. As such, the Organization is dependent upon the continued support of Orange County, Florida and the federal government to provide funding for the Organization's programs and operations.

### **13. Related Party Transactions**

In the ordinary course of business, the Organization enters into transactions with other organizations that have individuals who serve on the Organization's Board. The Organization obtains its general liability and property insurance through a company whose owner is also a member of the Board. Broker commission paid to this company were \$40,250 and \$24,000 for the years ended June 30, 2024 and 2023, respectively. The Organization paid legal fees to a firm associated with a member of the Board of Directors of \$32,231 and \$64,360 for the years ended June 30, 2024 and 2023, respectively, associated with general matters and sale of land. During the year ended June 30, 2024 and 2023, the Organization made a payment of \$208,538 and \$23,625, respectively, to a firm associated with a member of the Board of Directors for consulting services. The Organization entered into a marketing agreement with a company whose owner is also a member of the Board. The amount paid to this company was \$30,000 and \$55,000 for the years ended June 30, 2024 and 2023, respectively. Details of all related party transactions which meet applicable reporting requirements can be found in Internal Revenue Service Form 990 which the Organization files annually.

# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### 15. Subsequent Events

The Organization has evaluated events and transactions occurring subsequent to June 30, 2024 as of January 16, 2025, which is the date the consolidated financial statements were available to be issued. Subsequent events occurring after January 16, 2025 have not been evaluated by management. No material events have occurred since June 30, 2024 that require recognition or disclosure in the consolidated financial statements, except as disclosed in Note 10.

## Supplementary Information

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# Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

## Consolidating Statement of Financial Position

June 30, 2024

	Boys & Girls Clubs of Central Florida, Inc.	Boys & Girls Clubs of Central Florida Foundation, Inc and Subsidiary	BGCCF NMTC, Inc.	Eliminations	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2,940,136	\$ 1,198,185	\$ 269,632	\$ -	\$ 4,407,953
Grants and contributions receivable, current portion, net	3,612,355	22,125	-	(32,395)	3,602,085
Investments	113	-	-	-	113
Prepaid expenses	295,720	3,758	-	-	299,478
Due from BGCCF NMTC, Inc.	64,924	-	-	(64,924)	-
<b>Total Current Assets</b>	<b>6,913,248</b>	<b>1,224,068</b>	<b>269,632</b>	<b>(97,319)</b>	<b>8,309,629</b>
<b>Property and Equipment, Net</b>	<b>16,232,940</b>	<b>-</b>	<b>12,545,096</b>	<b>-</b>	<b>28,778,036</b>
<b>Other Assets</b>					
Assets limited as to use	2,669,516	64,436,195	191,143	-	67,296,854
Investments, long term	-	2,384,241	-	-	2,384,241
Contributions receivable, long term, net	2,075,983	-	-	-	2,075,983
Contributed use of land	716,541	-	719,846	(719,846)	716,541
Leverage Loan receivable	9,168,000	-	-	-	9,168,000
Right-of-use assets, net	806,973	-	-	(535,835)	271,138
Other	136,124	-	-	-	136,124
<b>Total Other Assets</b>	<b>15,573,137</b>	<b>66,820,436</b>	<b>910,989</b>	<b>(1,255,681)</b>	<b>82,048,881</b>
<b>Total Assets</b>	<b>\$ 38,719,325</b>	<b>\$ 68,044,504</b>	<b>\$ 13,725,717</b>	<b>\$ (1,353,000)</b>	<b>\$119,136,546</b>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 561,402	\$ 2,518	\$ -	\$ (16,100)	\$ 547,820
Accrued expenses	843,606	2,147	-	-	845,753
Operating lease liabilities	973,454	-	-	(701,712)	271,742
Deferred revenues	69,588	-	-	-	69,588
Refundable advances	13,423	-	-	-	13,423
Non-refundable deposit	-	300,000	-	-	300,000
Due to BGCCF	-	-	64,924	(64,924)	-
<b>Total Current Liabilities</b>	<b>2,461,473</b>	<b>304,665</b>	<b>64,924</b>	<b>(782,736)</b>	<b>2,048,326</b>
<b>Notes Payable, net</b>	<b>-</b>	<b>-</b>	<b>12,164,965</b>	<b>-</b>	<b>12,164,965</b>
<b>Total Liabilities</b>	<b>2,461,473</b>	<b>304,665</b>	<b>12,229,889</b>	<b>(782,736)</b>	<b>14,213,291</b>
<b>Net Assets</b>					
Without donor restrictions	28,956,057	67,266,099	775,983	(2,447,098)	94,551,041
With donor restrictions	7,301,795	473,740	719,845	1,876,834	10,372,214
<b>Total Net Assets</b>	<b>36,257,852</b>	<b>67,739,839</b>	<b>1,495,828</b>	<b>(570,264)</b>	<b>104,923,255</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 38,719,325</b>	<b>\$ 68,044,504</b>	<b>\$ 13,725,717</b>	<b>\$ (1,353,000)</b>	<b>\$119,136,546</b>

**Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries**

**Consolidating Statement of Activities**

*Year ended June 30, 2024*

	Boys & Girls Clubs of Central Florida, Inc.			Boys & Girls Clubs of Central Florida Foundation, Inc.			BGCCF NMTC, Inc.			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>Operating Revenues and Support</b>											
Government revenues	\$ 9,101,573	\$ -	\$ 9,101,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,101,573
Contributions	6,989,423	-	6,989,423	100,660	-	100,660	-	-	-	-	7,090,083
In-kind contributions	1,921,693	-	1,921,693	-	-	-	-	-	-	-	1,921,693
United Way	294,780	-	294,780	-	-	-	-	-	-	-	294,780
Special events	265,587	-	265,587	-	-	-	-	-	-	-	265,587
Dues and program services	686,390	-	686,390	-	-	-	-	-	-	-	686,390
Other revenues	974,814	-	974,814	81,898	-	81,898	184,000	-	184,000	(184,000)	1,056,712
Net assets released from restrictions	2,733,984	(2,733,984)	-	-	-	-	12,720	(12,720)	-	-	-
<b>Total Operating Revenues and Support</b>	<b>22,968,244</b>	<b>(2,733,984)</b>	<b>20,234,260</b>	<b>182,558</b>		<b>182,558</b>	<b>196,720</b>	<b>(12,720)</b>	<b>184,000</b>	<b>(184,000)</b>	<b>20,416,818</b>
<b>Operating Expenses</b>											
Program services	18,674,539	-	18,674,539	12,375	-	12,375	359,532	-	359,532	(216,291)	18,830,155
Supporting services:											
Management and general	3,151,036	-	3,151,036	295,031	-	295,031	207,116	-	207,116	-	3,653,183
Fundraising	1,964,728	-	1,964,728	-	-	-	-	-	-	-	1,964,728
<b>Total Operating Expenses</b>	<b>23,790,303</b>	<b>-</b>	<b>23,790,303</b>	<b>307,406</b>		<b>307,406</b>	<b>566,648</b>	<b>-</b>	<b>566,648</b>	<b>(216,291)</b>	<b>24,448,066</b>
<b>Change in Operating Net Assets</b>	<b>(822,059)</b>	<b>(2,733,984)</b>	<b>(3,556,043)</b>	<b>(124,848)</b>		<b>(124,848)</b>	<b>(369,928)</b>	<b>(12,720)</b>	<b>(382,648)</b>	<b>32,291</b>	<b>(4,031,248)</b>
<b>Non-Operating Support, Gains and Losses</b>											
Contributions to BGCCF	1,000,000	-	1,000,000	(1,024,750)	-	(1,024,750)	-	-	-	24,750	-
Investment return, net	89,818	-	89,818	2,991,588	-	2,991,588	-	-	-	-	3,081,406
<b>Total Non-Operating Support, Gains and Losses</b>	<b>1,089,818</b>	<b>-</b>	<b>1,089,818</b>	<b>1,966,838</b>	<b>-</b>	<b>1,966,838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,750</b>	<b>3,081,406</b>
<b>Change in Net Assets</b>	<b>267,759</b>	<b>(2,733,984)</b>	<b>(2,466,225)</b>	<b>1,841,990</b>	<b>-</b>	<b>1,841,990</b>	<b>(369,928)</b>	<b>(12,720)</b>	<b>(382,648)</b>	<b>57,041</b>	<b>(949,842)</b>
<b>Net Assets, beginning of year</b>	<b>28,688,298</b>	<b>10,035,779</b>	<b>38,724,077</b>	<b>65,424,109</b>	<b>473,740</b>	<b>65,897,849</b>	<b>1,145,911</b>	<b>732,565</b>	<b>1,878,476</b>	<b>(627,305)</b>	<b>105,873,097</b>
<b>Net Assets, end of year</b>	<b>\$ 28,956,057</b>	<b>\$ 7,301,795</b>	<b>\$ 36,257,852</b>	<b>\$ 67,266,099</b>	<b>\$ 473,740</b>	<b>\$ 67,739,839</b>	<b>\$ 775,983</b>	<b>\$ 719,845</b>	<b>\$ 1,495,828</b>	<b>\$ (570,264)</b>	<b>\$ 104,923,255</b>