

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

**FINANCIAL STATEMENTS
JUNE 30, 2023**



**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

CONTENTS

	PAGE
Report of independent auditors	1
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Statement of functional expenses - 2023	6
Statement of functional expenses - 2022	7
Notes to financial statements	8



REPORT OF INDEPENDENT AUDITORS

To the Audit Committee
Boys & Girls Clubs of Central Virginia
Charlottesville, Virginia

Opinion

We have audited the accompanying financial statements of BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA as of June 30, 2023 and 2022, 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. 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 BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA 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 BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Audit Committee
Boys & Girls Clubs of Central Virginia

REPORT OF INDEPENDENT AUDITORS

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as 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 generally accepted auditing standards, 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 BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA'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 BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA'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.

HanTymon Wiebel LLP

Charlottesville, Virginia
January 19, 2024

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 499,126	\$ 490,750
Accounts receivable	30,500	18,113
Pledges receivable, current	1,234,896	2,798,819
Grants receivable	90,757	301,131
Prepaid expenses and deposits	<u>39,627</u>	<u>37,835</u>
 Total current assets	 <u>1,894,906</u>	 <u>3,646,648</u>
PROPERTY AND EQUIPMENT, NET	<u>26,611,538</u>	<u>5,087,533</u>
OTHER ASSETS		
Cash and cash equivalents held for long-term purposes	1,218,493	12,317,800
Investments	24,924,795	14,996,887
Pledges receivable, due after one year	914,706	1,549,169
Construction in progress	<u>....</u>	<u>11,860,328</u>
 Total other assets	 <u>27,057,994</u>	 <u>40,724,184</u>
 Total assets	 <u>\$ 55,564,438</u>	 <u>\$ 49,458,365</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 930,624	\$ 862,469
Accrued payroll, payroll taxes, and withholdings	<u>337,464</u>	<u>294,144</u>
 Total current liabilities	 <u>1,268,088</u>	 <u>1,156,613</u>
OTHER LIABILITIES		
Line of credit	<u>1,839,613</u>	<u>....</u>
 Total other liabilities	 <u>1,839,613</u>	 <u>....</u>
 Total liabilities	 <u>3,107,701</u>	 <u>1,156,613</u>
NET ASSETS		
Without donor restrictions	28,711,634	8,824,199
With donor restrictions	<u>23,745,103</u>	<u>39,477,553</u>
 Total net assets	 <u>52,456,737</u>	 <u>48,301,752</u>
 Total liabilities and net assets	 <u>\$ 55,564,438</u>	 <u>\$ 49,458,365</u>

(The accompanying notes are an integral part of these financial statements)

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>			<u>2022</u>		
	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
OPERATING SUPPORT AND REVENUE						
Contributions of cash and other financial assets	\$ 1,475,399	\$ 739,022	\$ 2,214,421	\$ 1,709,690	\$ 665,900	\$ 2,375,590
Grants	1,108,269	345,453	1,453,722	812,831	513,796	1,326,627
Contributions of nonfinancial assets	73,449	78,000	151,449	51,660	77,708	129,368
Program and activities fees (net of scholarships)	45,529	37,082	82,611	31,437	20,983	52,420
Special events (net of expenses) .....	....	262,567	262,567	....	127,410	127,410
Miscellaneous .....	....	....	....	12,053	....	12,053
Net assets released from restrictions:						
Satisfaction of program restrictions	23,586,581	(23,586,581)	....	2,208,412	(2,208,412)	....
Total operating support and revenue	<u>26,289,227</u>	<u>(22,124,457)</u>	<u>4,164,770</u>	<u>4,826,083</u>	<u>(802,615)</u>	<u>4,023,468</u>
OPERATING EXPENSES						
Program services	5,651,537	....	5,651,537	4,510,392	....	4,510,392
Management and general	554,159	....	554,159	433,394	....	433,394
Fund-raising	465,997	....	465,997	429,074	....	429,074
Total operating expenses	<u>6,671,693</u>	<u>....</u>	<u>6,671,693</u>	<u>5,372,860</u>	<u>....</u>	<u>5,372,860</u>
Change in net assets from operations	<u>19,617,534</u>	<u>(22,124,457)</u>	<u>(2,506,923)</u>	<u>(546,777)</u>	<u>(802,615)</u>	<u>(1,349,392)</u>
INVESTING REVENUE (LOSS)						
Investment income	46,589	288,802	335,391	32,912	266,105	299,017
Net realized and unrealized gains (losses)	223,312	1,313,468	1,536,780	(656,865)	(3,204,371)	(3,861,236)
Total investing revenue (loss)	<u>269,901</u>	<u>1,602,270</u>	<u>1,872,171</u>	<u>(623,953)</u>	<u>(2,938,266)</u>	<u>(3,562,219)</u>
CAPITAL CAMPAIGN CONTRIBUTIONS	<u>....</u>	<u>4,789,737</u>	<u>4,789,737</u>	<u>....</u>	<u>4,685,963</u>	<u>4,685,963</u>
TOTAL CHANGE IN NET ASSETS	19,887,435	(15,732,450)	4,154,985	(1,170,730)	945,082	(225,648)
NET ASSETS, BEGINNING OF YEAR	<u>8,824,199</u>	<u>39,477,553</u>	<u>48,301,752</u>	<u>9,994,929</u>	<u>38,532,471</u>	<u>48,527,400</u>
NET ASSETS, END OF YEAR	<u>\$ 28,711,634</u>	<u>\$ 23,745,103</u>	<u>\$ 52,456,737</u>	<u>\$ 8,824,199</u>	<u>\$ 39,477,553</u>	<u>\$ 48,301,752</u>

(The accompanying notes are an integral part of these financial statements)

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,154,985	(\$ 225,648)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	412,801	241,355
Loss on asset abandonments	1,295	....
Net realized and unrealized (gain) loss on investments	(1,536,780)	3,861,236
Change in discounts on pledges receivable	(30,727)	(58,474)
Pledges written off	10,000	220
Contributions received for long-term purposes	(3,274,560)	(1,834,748)
(Increase) decrease in assets:		
Accounts receivable	(12,387)	(18,113)
Pledges receivable	2,219,113	407,235
Grants receivable	210,374	(57,193)
Prepaid expenses and deposits	(1,792)	(513)
Increase (decrease) in liabilities:		
Accounts payable	68,155	606,409
Accrued payroll, payroll taxes, and withholdings	43,320	59,816
Net cash provided by operating activities	<u>2,263,797</u>	<u>2,981,582</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(458,362)	....
Construction costs (net of retainage)	(9,619,411)	(10,466,416)
Purchases of investments	(9,683,917)	(2,287,016)
Sales of investments	<u>1,292,789</u>	<u>4,685,043</u>
Net cash used in investing activities	<u>(18,468,901)</u>	<u>(8,068,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	3,274,560	1,834,748
Borrowings on line of credit	<u>1,839,613</u>	....
Net cash provided by financing activities	<u>5,114,173</u>	<u>1,834,748</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(11,090,931)	(3,252,059)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>12,808,550</u>	<u>16,060,609</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,717,619</u>	<u>\$ 12,808,550</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 7,164</u>	<u>\$</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Amounts reported within the statement of financial position that sum to the total above:		
Cash and cash equivalents	\$ 499,126	\$ 490,750
Cash and cash equivalents held for long-term purposes	<u>1,218,493</u>	<u>12,317,800</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 1,717,619</u>	<u>\$ 12,808,550</u>

(The accompanying notes are an integral part of these financial statements)

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND- RAISING	TOTAL
OPERATING EXPENSES				
Benefits and payroll taxes	\$ 496,652	\$ 58,843	\$ 61,913	\$ 617,408
Compensation	3,141,074	247,203	251,614	3,639,891
Depreciation	376,587	18,107	18,107	412,801
Dues	15,504	1,922	1,922	19,348
Insurance	45,567	4,906	4,906	55,379
Interest expense	5,731	716	716	7,163
Marketing and cultivation .....	....	11,249	73,397	84,646
Miscellaneous costs	24,359	17,660	135	42,154
Occupancy	462,298	35,695	35,695	533,688
Office operating costs	95,336	12,297	11,178	118,811
Other staff costs	36,274	16,906	....	53,180
Printing and postage	2,098	895	2,313	5,306
Professional fees	99,286	103,411	1,492	204,189
Program costs	752,140	....	....	752,140
Staff training and education	43,697	21,933	....	65,630
Vehicle costs	54,934	2,416	2,609	59,959
	<u>54,934</u>	<u>2,416</u>	<u>2,609</u>	<u>59,959</u>
 Total	 <u>\$ 5,651,537</u>	 <u>\$ 554,159</u>	 <u>\$ 465,997</u>	 <u>\$ 6,671,693</u>

(The accompanying notes are an integral part of this financial statement)

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND- RAISING	TOTAL
OPERATING EXPENSES				
Benefits and payroll taxes	\$ 426,365	\$ 55,067	\$ 54,435	\$ 535,867
Compensation	2,668,754	225,418	229,440	3,123,612
Depreciation	199,271	21,042	21,042	241,355
Dues	21,900	143	....	22,043
Insurance	35,068	3,683	3,683	42,434
Marketing and cultivation .....	....	4,997	79,308	84,305
Miscellaneous costs	27,763	18,635	30	46,428
Occupancy	418,536	25,093	25,093	468,722
Office operating costs	88,456	10,749	10,747	109,952
Other staff costs	39,208	2,742	....	41,950
Printing and postage	1,964	898	2,554	5,416
Professional fees	52,099	55,640	1,322	109,061
Program costs	480,271	....	....	480,271
Staff training and education	12,876	7,970	....	20,846
Vehicle costs	37,861	1,317	1,420	40,598
	<u>\$ 4,510,392</u>	<u>\$ 433,394</u>	<u>\$ 429,074</u>	<u>\$ 5,372,860</u>

(The accompanying notes are an integral part of this financial statement)

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

Boys & Girls Clubs of Central Virginia (the Club) was organized in 1992 as a Virginia non-stock corporation. Its mission is the promotion of healthy social, educational, vocational, and character development of youth, bringing together, under good leadership, young people from all economic and social backgrounds. The Club offers youth from the ages of five to eighteen the opportunity for recreation and enrichment away from the social, emotional, and physical dangers often encountered in everyday life, providing the opportunity for its members to achieve their goals and aspirations in life. The Club is an independent corporation, but is affiliated with and pays dues to Boys & Girls Clubs of America.

2. SIGNIFICANT ACCOUNTING POLICIES

a. *Basis of Accounting*

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with U. S. generally accepted accounting principles (U. S. GAAP) and, accordingly, reflect all significant receivables and payables and other liabilities. Support and revenue are recorded when earned or pledged and expenses are recorded as incurred.

b. *Accounting Pronouncement Adopted*

The Club adopted the following Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) in the fiscal year ended June 30, 2023:

FASB ASC 842, *Leases*. The standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The adoption of this lease standard had no effect on the financial statements.

c. *Basis of Presentation*

Financial statement presentation follows the recommendations of the FASB. Under this guidance, the Club is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Club, its accounts are maintained in accordance with donor restrictions placed on the donated assets. Separate accounts are maintained for each category of assets with donor restrictions and assets without donor restrictions.

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

The assets, liabilities, and net assets of the Club are reported in the following self-balancing net asset groups:

Net assets without donor restrictions represent the portion of net assets that can be utilized to support current and future Club operations.

Net assets with donor restrictions represent contributions to the Club that are expendable only for purposes specified by the donor, have restrictions that expire with the passage of time, or are required to be invested in perpetuity. There were no net assets with donor restrictions required to be held in perpetuity at June 30, 2023 and 2022.

d. *Policy Disclosure*

The Club reports gifts of cash and other assets as support without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. 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 reported in the statement of activities as net assets released from restrictions.

The Club reports gifts of land, buildings, and equipment as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Club reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

e. *Cash and Cash Equivalents*

The Club considers all highly-liquid investments acquired with an original maturity of three months or less at the date of purchase to be cash equivalents. The Club maintains its cash in bank deposit accounts that at times may exceed federally-insured limits and are subject to credit risk. The Club has not experienced any losses in these accounts.

f. *Accounts Receivable*

Accounts receivable represent amounts owed to the Club, and are shown net of any specific bad debt write-offs. The Club does not accrue finance charges on past due accounts. All receivables are unsecured and subject to certain credit risks. Management writes off uncollectible accounts when specifically identified. Management determined that an allowance for uncollectible accounts was not necessary at June 30, 2023 and 2022.

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

g. *Pledges Receivable*

Pledges receivable, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as assets or decreases in liabilities or expenses, depending on the form of the benefits received. Management reviews its collection experience in determining the need for an allowance for uncollectible pledges receivable. Management determined that an allowance for uncollectible pledges was not necessary at June 30, 2023 and 2022. Amounts to be received beyond one year are discounted to net present values. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. There were no conditional pledges held at June 30, 2023. At June 30, 2022, there was one conditional pledge held by the Club in the amount of \$2,500,000. The pledge was earned as the Club reached certain construction milestones on the Albemarle Campus Club construction project.

h. *Support and Revenue*

The Club receives contributions from three principal sources: annual individual and corporate philanthropic contributions, periodic special events, and grants. Each year, the Club must raise approximately 85% of its operating expenditures, since it seldom receives multi-year grants or has commitments for more than 15% of a fiscal year's operating expenditures prior to the start of the fiscal year.

The Club collects registration and other fees from its members to help offset the costs associated with the registration process and certain elective programs. These fees are reported as program service revenue in the statement of activities, or as offsets against program expenses for certain elective programs.

i. *Contributed Nonfinancial Assets*

In accordance with FASB guidance, contributions of services are recognized for services received that require specialized skills. The Club recognized \$10,000 of contributed audit services support for each of the years ended June 30, 2023 and 2022.

No amounts have been recognized in the financial statements for donated services that are not specialized skills, since there is no objective basis to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Club's fund-raising and program activities.

Significant donated materials and other items, exclusive of capital additions, are valued at cost or estimated fair market value on the date of the gift, as applicable. The Club also receives donated supplies or discounts on supplies that it uses in fund-raising and other activities.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

j. ***Accounting Estimates***

The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Significant estimates that affect the Club's financial statements are the allowance for uncollectible pledges, the discounting of future pledges receivable to their estimated net present values, functionalization of expenses, fair value of investments, depreciable lives and residual value of property, and the valuation of contributed services and donated lease space. For the year ended June 30, 2023, an estimate was made for the final contractor's invoice related to the construction of the new club building, which affects accrued expenses and property plant and equipment.

k. ***Advertising***

The Club expenses advertising costs as incurred. Advertising costs were insignificant in the years ended June 30, 2023 and 2022.

l. ***Property and Equipment***

Property and equipment are stated at cost. The Club capitalizes all expenditures for items that exceed \$10,000 in value that have a useful life of two years or longer. Donated property is recorded at fair market value based on independent appraisals or comparisons to similar asset sales and are recognized as income when received.

Property and equipment are depreciated using straight-line and accelerated methods over the estimated useful lives of the assets. Management generally estimates useful lives of three to seven years for vehicles and equipment, seven to ten years for furniture and fixtures, and 39 years for buildings and leasehold improvements. Expenditures for maintenance and repairs are expensed as incurred.

m. ***Exempt Tax Status***

The Club is exempt from income taxes under Section (501)(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Club has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business taxable income during the years ended June 30, 2023 and 2022.

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

n. ***Uncertain Tax Positions***

The Club has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the FASB and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Club.

o. ***Functional Allocation of Expenses***

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses require allocation on a reasonable basis that is consistently applied. Payroll expenses are allocated on the basis of staff time and effort spent on program services, management and general, and fund-raising. Examples of other allocated expenses include office operating costs, other staff costs, and dues, which are allocated based on the underlying nature of the transactions.

p. ***Fair Values of Financial Instruments***

The FASB established a framework for measuring fair value that expands disclosures about fair value measurements under U. S. GAAP.

The fair value framework requires the categorization of assets and liabilities into three levels based on the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3 Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The Club's pledges receivable are categorized as Level 3 assets.

q. ***Subsequent Events***

Management has evaluated subsequent events through January 19, 2024 which is the date the financial statements were available to be issued.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS

The Club invests funds with the goal of generating a total return that meets or exceeds the spending rate and the inflation rate as measured by the Consumer Price Index.

The Club holds investments managed by an outside third party that are part of a pooled investment fund. The Club does not hold individual investments in this fund, but rather holds a share of the pool and, as such, generally only unrealized gains and losses are reported by the investment manager to the Club based upon its respective share of the pool. Realized gains and losses will be reported upon redemption of the Club’s share of the pool. Investments can be liquidated subject to approval by the investment manager and the Club’s Board. The Club has no unfunded commitments. The fund invests primarily in equity securities, fixed income securities, and alternative investments. The alternative investments are not readily marketable and are carried at estimated fair values as provided by the investment manager. The Club believes the carrying amount of these investments is a reasonable estimate of fair value. The amounts the Club will ultimately realize could differ materially from the reported amounts, and significant fluctuations in fair values could occur from year to year.

The Club’s pooled investments are carried at their net asset value based upon the values reported by the investment pool fund manager. At June 30, 2023, the fund was available to be redeemed, subject to approval, at the full net asset value (NAV).

During the year ended June 30, 2023, the Club began investing in U. S. Treasury notes and money market funds held directly by the Club in a separate brokerage account. The fund holdings in the brokerage account are recorded at quoted fair market value.

A summary of the market value of the Club’s investments at June 30, 2023 and 2022 is as follows:

	2023	2022
Money market funds.....	\$ 422,042	\$
U. S. Treasury notes.....	7,136,400	....
Pooled investments.....	<u>17,366,353</u>	<u>14,996,887</u>
Total	<u>\$24,924,795</u>	<u>\$14,996,887</u>

For the years ended June 30, 2023 and 2022, the Club recognized net realized and unrealized gains (losses) (net of investment management fees) on its investments as follows:

	2023	2022
Net realized and unrealized gains (losses)	<u>\$1,536,780</u>	<u>(\$3,861,236)</u>

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

At June 30, 2023 and 2022, the Club's investments in the pool consisted of the following:

	2023	2022
Public and private equity funds	66.2%	68.5%
Real assets	4.4	....
Alternative investments	18.4	19.5
Fixed income securities	10.4	11.1
Cash	<u>0.6</u>	<u>0.9</u>
	<u>100.0%</u>	<u>100.0%</u>

Expenses relating to investment revenues totaled \$121,483 and \$95,741 for the years ended June 30, 2023 and 2022, respectively. These expenses represent fees charged by the investment manager for investment management and advisory services. Currently, the investment fee rate decreases at several break points with increased assets under management. Investment fees have been netted against realized and unrealized gains (losses) in the accompanying statements of activities for the years ended June 30, 2023 and 2022.

4. PROPERTY AND EQUIPMENT

The Club's property and equipment consisted of the following at June 30, 2023 and 2022:

	2023	2022
Buildings, improvements, and equipment	\$28,158,499	\$ 7,193,986
Furniture and fixtures	736,220	228,704
Vehicles	<u>777,836</u>	<u>320,736</u>
Total property and equipment	29,672,555	7,743,426
Less: Accumulated depreciation	<u>3,061,017</u>	<u>2,655,893</u>
Property and equipment (net)	<u>\$26,611,538</u>	<u>\$ 5,087,533</u>

5. PLEDGES RECEIVABLE

The Club has adopted U. S. GAAP standards for the fair value option to value its multi-year pledges receivable using a discount rate that is determined annually. The election was made because management believes that the use of fair value reduces the cost of measuring its multi-year pledges receivable in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those pledges were measured using present value techniques and historical discount rates. The Club determines its discount rate based upon the approximate five-year Treasury yield as of the end of each year and applies this rate to all multi-year pledges receivable. The Club's discount rate was 2% at June 30, 2023 and 2022 and, due to the projected timing of the future payments, is not considered material.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

Pledges receivable at June 30, 2023 and 2022 were as follows:

	2023	2022
Receivable in less than one year	\$1,234,503	\$2,798,819
Receivable in one to five years	<u>960,500</u>	<u>1,625,297</u>
Total pledges receivable	2,195,003	4,424,116
Less: Discounts on pledges receivable	(45,401)	(76,128)
Allowance for uncollectible pledges receivable ...	<u>....</u>	<u>....</u>
Net pledges receivable	<u>\$2,149,602</u>	<u>\$4,347,988</u>

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Club's assets measured on a recurring basis at June 30, 2023 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	INVESTMENTS MEASURED AT NAV	TOTAL
Pledges receivable	\$	\$	\$ 2,149,602	\$	\$ 2,149,602
Investments	<u>7,558,442</u>	<u>....</u>	<u>....</u>	<u>17,366,353</u>	<u>24,924,795</u>
Total financial assets at fair value	<u>\$7,558,442</u>	<u>\$</u>	<u>\$ 2,149,602</u>	<u>\$17,366,353</u>	<u>\$27,074,397</u>

During the year ended June 30, 2023, there were no changes to the classification among categories.

The fair values of the Club's assets measured on a recurring basis at June 30, 2022 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	INVESTMENTS MEASURED AT NAV	TOTAL
Pledges receivable	\$	\$	\$ 4,347,988	\$	\$ 4,347,988
Investments	<u>....</u>	<u>....</u>	<u>....</u>	<u>14,996,887</u>	<u>14,996,887</u>
Total financial assets at fair value	<u>\$</u>	<u>\$</u>	<u>\$ 4,347,988</u>	<u>\$14,996,887</u>	<u>\$19,344,875</u>

During the year ended June 30, 2022, there were no changes to the classification among categories.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

In accordance with FASB Accounting Standards Codification (ASC) Subtopic 820-10, investments that are measured at fair value using the NAV practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The following is a reconciliation of activity for the year ended June 30, 2023 for Level 3 assets measured at fair value and investments measured at NAV:

	PLEDGES		
	RECEIVABLE	INVESTMENTS	TOTAL
Balance, beginning of year	\$ 4,347,988	\$14,996,887	\$19,344,875
Contributions	120,000	....	120,000
Pledges written off	(10,000)	....	(10,000)
Collections of pledges	(2,339,113)	....	(2,339,113)
Purchase of investments .....	....	1,062,099	1,062,099
Investment withdrawals .....	....	(315,451)	(315,451)
Change in discount and allowance	30,727	....	30,727
Investment earnings reinvested .....	....	209,153	209,153
Investment income - unrealized .....	....	1,535,007	1,535,007
Funds expended for investment fees ....	....	<u>(121,342)</u>	<u>(121,342)</u>
Balance, end of year	<u>\$ 2,149,602</u>	<u>\$17,366,353</u>	<u>\$19,515,955</u>

The following is a reconciliation of activity for the year ended June 30, 2022 for Level 3 assets measured at fair value and investments measured at NAV:

	PLEDGES		
	RECEIVABLE	INVESTMENTS	TOTAL
Balance, beginning of year	\$ 4,696,969	\$21,256,150	\$25,953,119
Contributions	1,593,536	....	1,593,536
Pledges written off.....	(220)	....	(220)
Collections of pledges	(2,000,771)	....	(2,000,771)
Purchase of investments .....	....	2,123,110	2,123,110
Investment withdrawals.....	....	(4,685,043)	(4,685,043)
Change in discount and allowance.....	58,474	....	58,474
Investment earnings reinvested.....	....	163,906	163,906
Investment income - unrealized.....	....	(3,765,495)	(3,765,495)
Funds expended for investment fees.....	....	<u>(95,741)</u>	<u>(95,741)</u>
Balance, end of year	<u>\$ 4,347,988</u>	<u>\$14,996,887</u>	<u>\$19,344,875</u>

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

7. GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30, 2023 and 2022:

	2023	2022
Virginia Department of Social Services.....	\$ 13,575	\$110,220
Virginia Department of Education.....	47,833	101,848
ESSER II sub grant.....	29,349	88,962
Other	<u>.....</u>	<u>101</u>
	<u>\$ 90,757</u>	<u>\$301,131</u>

8. CONSTRUCTION IN PROGRESS

Costs related to the construction of the new Albemarle Campus Club totaled \$11,860,328 at June 30, 2022.

9. LINE OF CREDIT

On March 28, 2022, the Club entered into a \$5,000,000 secured line of credit agreement with Virginia National Bank with interest payable monthly at a rate of 3.25% and a maturity date of March 28, 2027. As of June 30, 2023, the line of credit had a balance of \$1,839,613. As of June 30, 2022, no draws had been made on the line of credit. The line of credit is secured by the investments in the Boys & Girls Clubs - BGF II fund. The carrying value of those investments at June 30, 2023 and 2022 was \$7,565,015 and \$6,835,106, respectively. An officer at Virginia National Bank is a member of the Club's Board of Directors, but the line of credit was obtained in the ordinary course of business.

For the year ended June 30, 2023, the Club was in compliance with all terms and conditions related to the line of credit.

10. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at June 30, 2023 and 2022:

	2023	2022
Undesignated assets	\$ 2,767,721	\$ 4,190,330
Investment in property and equipment, net.....	26,252,934	4,878,662
Undesignated liabilities	<u>(309,021)</u>	<u>(244,793)</u>
Total net assets without donor restrictions.....	<u>\$28,711,634</u>	<u>\$ 8,824,199</u>

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows at June 30, 2023 and 2022:

	2023	2022
Subject only to the passage of time:		
Pledges receivable	\$ <u>740,152</u>	\$ <u>1,172,702</u>
Total subject to the passage of time	<u>740,152</u>	<u>1,172,702</u>
Subject to appropriation and expenditure when a specified event occurs:		
Boys & Girls Clubs - Madison	1,138,739	1,065,179
Boys & Girls Clubs - Orange.....	1,574,570	1,494,755
Boys & Girls Clubs - Southwood	518,520	458,658
Boys & Girls Clubs - James River.....	1,039,724	1,076,948
Boys & Girls Clubs – Albemarle Campus Club	2,766,259	19,572,282
Boys & Girls Clubs - Building Great Futures	6,393,802	5,963,833
Boys & Girls Clubs - Hunter J. Smith Fund	977,107	906,313
Boys & Girls Clubs - Sarah P. Hendley Fund for Kids	981,779	887,112
Boys & Girls Clubs - BGF II.....	7,565,015	6,835,106
Various	<u>49,436</u>	<u>44,665</u>
Total subject to appropriation and expenditure	<u>23,004,951</u>	<u>38,304,851</u>
Total net assets with donor restrictions	<u>\$23,745,103</u>	<u>\$39,477,553</u>

12. EMPLOYEE BENEFIT PLAN

The Club adopted a 403(b) thrift plan on January 1, 2015. All employees who are at least 18 years old, have completed one year of service, and have worked at least 1,000 hours during the current year are eligible to participate in the plan. The plan was amended effective June 1, 2020 to change eligibility provisions. Previously, all employees who were at least 18 years old were eligible to participate in the plan on date of hire, although employees had to meet the service tenure and hours worked requirements above to receive employer matching funds. During the years ended June 30, 2023 and 2022, the total cost to the Club was \$68,269 and \$67,221, respectively.

13. LEASE COMMITMENTS

The Club rents space from Orange County Public Schools under the terms of a lease agreement that requires a monthly rental fee of \$1,208. The lease expired on June 30, 2023 and was renewed. The new lease is effective from July 1, 2023 through June 30, 2024. Escalation to cover increases in actual utility and/or maintenance costs, not to exceed 5%, may be applied annually at the discretion of Orange County Public Schools.

The Club has elected to apply the short-term lease election to its lease of facilities. The short-term lease cost recognized was \$32,245 and \$28,616 for the years ended June 30, 2023 and 2022, respectively.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

14. CONTRIBUTED NONFINANCIAL ASSETS

The Club conducts activities in facilities for which it pays no or below-market rents. The estimated market value of the use of these facilities is included in both support and expense in the statement of activities. The estimated market values for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Southwood, Charlottesville	\$ 14,000	\$ 14,000
Journey Middle School, Charlottesville	20,000	25,000
Orange County Public School Building	41,000	41,000
Madison County Public School Building	23,000	23,000
Scottsville Community Center Building	<u>14,000</u>	<u>13,000</u>
	<u>\$112,000</u>	<u>\$116,000</u>

The Club also receives various donated supplies and other items that it uses in its program services and fund-raising activities. The Club's estimate of the fair value of the donated items during the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Supplies for general Club use	\$ 29,449	\$ 3,368
Donated auditing services.....	<u>10,000</u>	<u>10,000</u>
Total donated materials and services	<u>\$ 39,449</u>	<u>\$ 13,368</u>

15. SPECIAL EVENTS

The Club conducts various special events that promote and support the Club's programs. Total gross proceeds and expenses from events for the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Special events fees and contributions	\$372,257	\$173,913
Special events expenses	<u>(109,690)</u>	<u>(46,503)</u>
Total special events (net of expenses)	<u>\$262,567</u>	<u>\$127,410</u>

16. CAPITAL CAMPAIGN CONTRIBUTIONS

Capital campaign contributions represent amounts received from donors for the purpose of acquiring, constructing, or expanding, and operating new or existing Club locations.

For the year ended June 30, 2023, the Club received approximately 21% of capital campaign contributions from one donor.

For the year ended June 30, 2022, the Club received approximately 62% of capital campaign contributions from three donors.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

17. CONCENTRATIONS

For the year ended June 30, 2023, the Club earned approximately 41% of grant revenue from four grantors. As of June 30, 2023, approximately 66% of the gross outstanding balance of pledges receivable was due from two donors.

For the year ended June 30, 2022, the Club received approximately 25% of contributions from one donor. For the year ended June 30, 2022, the Club earned approximately 57% of grant revenue from three grantors. As of June 30, 2022, approximately 66% of the gross outstanding balance of pledges receivable was due from three donors.

18. LIQUIDITY AND AVAILABILITY

The Club regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Club considers investment income without donor restrictions, contribution revenue without donor restrictions, and contribution revenue with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include program services, management and general expenses, and fund-raising expenses expected to be paid in the subsequent year.

The Club manages its cash available to meet general expenditures under the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

As of June 30, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditures were as follows:

	2023	2022
Cash and cash equivalents	\$ 1,242,222	\$ 6,477,482
Pledges receivable, net	1,094,896	1,728,894
Accounts receivable.....	30,500	18,113
Grants receivable	90,757	301,131
Investments	<u>13,350,403</u>	<u>7,121,612</u>
Total available for general expenditure	<u>\$15,808,778</u>	<u>\$15,647,232</u>

The Club also has a \$5,000,000 line of credit available that was referenced in note 10.