

**BOYS & GIRLS CLUB
OF INDIAN RIVER COUNTY, INC.
AND AFFILIATE**

**Consolidated Financial Statements
and Supplementary Information
with
Independent Auditors' Report**

June 30, 2023
(With Comparative Totals for 2022)

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KMETZ · ELWELL · GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Boys & Girls Club of Indian River County, Inc. and Affiliate
Vero Beach, Florida

Opinion

We have audited the accompanying consolidated financial statements of the Boys & Girls Club of Indian River County, Inc. (a nonprofit organization) and Affiliate which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Club of Indian River County, Inc. and Affiliate as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the 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; this includes 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 Boys & Girls Club of Indian River County, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

To the Board of Directors
Boys & Girls Club of Indian River County, Inc. and Affiliate

Auditors' 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 auditors' 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 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.

Report on Summarized Comparative Information

We have previously audited the Boys & Girls Club of Indian River County, Inc. and Affiliate's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



To the Board of Directors
Boys & Girls Club of Indian River County, Inc. and Affiliate

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and statement of activities and changes in net assets (unrestricted) on pages 20-21 is presented for purposes of additional analysis and is 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. The information has been subjected to the auditing procedures applied in the audit 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.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

November 28, 2023



Boys & Girls Club of Indian River County, Inc. and Affiliate
Consolidated Statement of Financial Position
Year ended June 30, 2023
(With comparative totals for 2022)

	2023	2022
	Total	Total (memo only)
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,018,091	\$ 2,037,449
Grants receivable	92,747	133,747
Pledges receivable	-	4,796
Prepaid expenses	57,925	39,868
Total Current Assets	2,168,763	2,215,860
Other Assets		
Investments	3,441,471	3,010,894
Leasehold interests	591,875	607,566
Property and equipment, net	7,027,209	7,248,710
Total Other Assets	11,060,555	\$ 10,867,170
Total Assets	\$ 13,229,318	\$ 13,083,030
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 19,919	\$ 49,426
Accrued wages and vacation pay	124,936	78,994
Deferred revenue	24,778	11,400
Total Current Liabilities	169,633	139,820
Net Assets		
Without donor restrictions:		
Operating	7,447,687	7,812,122
Board designated	4,959,724	4,456,360
With donor restrictions	652,274	674,728
Total Net Assets	13,059,685	12,943,210
	\$ 13,229,318	\$ 13,083,030

See accompanying notes to consolidated financial statements.



Boys & Girls Club of Indian River County, Inc. and Affiliate
Consolidated Statement of Activities and Changes in Net Assets
Year ended June 30, 2023
(With comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total (memo only)
Revenues and other support				
Contributions	\$ 1,460,165	\$ 60,399	\$ 1,520,564	\$ 1,670,722
Grants	392,017	-	392,017	379,255
Fundraising events/projects	505,666	-	505,666	438,036
Net investment income (loss)	337,958	-	337,958	(251,334)
Program fees	224,829	-	224,829	172,220
Net assets released from restrictions through satisfaction of purpose	82,853	(82,853)	-	-
Total revenues and other support	3,003,488	(22,454)	2,981,034	2,408,899
Expenses				
Program services:				
Youth Programs - Athletics	320,917	-	320,917	227,016
Youth Programs - Destinations	212,750	-	212,750	147,701
Youth Programs - Fellsmere	628,182	-	628,182	520,307
Youth Programs - Sebastian	534,676	-	534,676	464,283
Youth Programs - Vero Beach	845,372	-	845,372	831,665
Total program services	2,541,897	-	2,541,897	2,190,972
Supporting services:				
Management and general	145,733	-	145,733	121,610
Fundraising	176,929	-	176,929	145,077
Total supporting services	322,662	-	322,662	266,687
Total expenses	2,864,559	-	2,864,559	2,457,659
Increase (decrease) in net assets	138,929	(22,454)	116,475	(48,760)
Net assets, beginning of year	12,268,482	674,728	12,943,210	12,991,970
Net assets, end of year	\$ 12,407,411	\$ 652,274	\$ 13,059,685	\$ 12,943,210

See accompanying notes to consolidated financial statements.



Boys & Girls Club of Indian River County, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year ended June 30, 2023

(With comparative totals for 2022)

	2023					2022			
	Program Services					Supporting Services		Total	Total (memo only)
	Athletics	Destination	Fellsmere	Sebastian	Vero Beach	Management and General	Fundraising		
Salaries and wages	\$ 221,422	\$ 149,104	\$329,781	\$ 277,707	\$ 385,220	\$ 55,158	\$ 47,281	\$1,465,673	\$1,160,009
Staff benefits and payroll taxes	27,990	26,888	49,452	55,426	55,170	23,776	9,807	248,509	210,559
Occupancy									
Rent	-	-	3,199	1,159	11,333	-	-	15,691	15,691
Insurance	2,745	-	24,471	17,247	47,227	6,630	-	98,320	75,813
Telephone and utilities	19,498	113	27,686	18,462	43,594	779	168	110,300	109,260
Repairs and maintenance	19,692	-	41,504	31,586	61,842	4,109	-	158,733	193,847
Rentals - equipment	-	200	11,780	11,094	11,031	15,708	288	50,101	49,348
Transportation	167	148	18,689	19,542	26,786	760	249	66,341	55,751
Program activities	18,177	28,995	16,958	21,238	23,472	1,056	-	109,896	80,514
Professional services	710	710	1,420	1,420	2,130	9,010	-	15,400	13,185
Board development/insurance	-	-	-	-	232	6,726	-	6,958	6,755
Printing and advertising	-	-	306	151	10	4,434	8,346	13,247	6,139
Supplies and postage	-	-	1,036	599	747	3,796	387	6,565	9,171
Small equipment purchases	-	-	-	-	-	1,028	-	1,028	1,743
Licenses and dues	-	-	5,326	5,666	5,506	2,273	360	19,131	20,696
Miscellaneous	10,516	6,592	16,842	8,872	11,303	10,247	3,230	67,602	52,326
Depreciation	-	-	79,732	64,507	159,769	243	-	304,251	300,254
Staff training and meetings	-	-	-	-	-	-	-	-	4,808
Direct fundraising event costs	-	-	-	-	-	-	106,813	106,813	91,790
Total expenses	\$ 320,917	\$ 212,750	\$628,182	\$ 534,676	\$ 845,372	\$ 145,733	\$ 176,929	\$2,864,559	\$2,457,659

See accompanying notes to consolidated financial statements.



Boys & Girls Club of Indian River County, Inc. and Affiliate
Consolidated Statement of Cash Flows
Year ended June 30, 2023
(With comparative totals for 2022)

	2023	2022
	Total	Total (memo only)
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 116,475	\$ (48,760)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	304,251	300,254
Forgiveness of PPP-2 note payable	-	(226,800)
In-kind lease expense	15,691	15,691
Realized / unrealized (gain) loss on investments	(235,972)	336,500
Gain on disposal of capital lease	-	(5,370)
Changes in assets and liabilities:		
Grants and pledges receivable	45,796	(20,983)
Prepaid expenses	(18,057)	9,260
Accounts payable and accrued expenses	(29,507)	14,680
Accrued wages and vacation pay	45,942	7,452
Deferred revenue	13,378	(14,700)
Net cash provided by operating activities	257,997	367,224
Cash flows from investing activities:		
Purchase of property and equipment	(82,750)	(38,831)
Purchase of investments	(1,063,227)	(762,931)
Proceeds from sales of investments	868,622	789,424
Net cash used for investing activities	(277,355)	(12,338)
Net increase (decrease) in cash	(19,358)	354,886
Cash, beginning of year	2,037,449	1,682,563
Cash, end of year	\$ 2,018,091	\$ 2,037,449

See accompanying notes to consolidated financial statements.



Note 1 – Nature of Organization

These financial statements represent the consolidated financial statements of the **Boys & Girls Club of Indian River County, Inc.** (“Club”) and the **Boys & Girls Club Foundation of Indian River County, Inc.** (the “Foundation”), together the “B&GC”. The Club and the Foundation are related organizations as the Club is allowed to appoint the majority of the Foundation’s Board of Directors, and the Foundation’s bylaws require that the majority of the contributions and earnings on invested assets inure to the benefit of the Club. The accompanying consolidated financial statements include the accounts of both organizations. Intercompany transactions and balances have been eliminated.

The Boys & Girls Club of Indian River County, Inc. was formed on February 4, 2000, to help local youth develop the qualities needed to become responsible citizens and leaders in the community. The organization grew from humble beginnings in an elementary school classroom to become one of the largest youth development organizations in the county. The Club serves more than 1,000 children ages 6-18 each year and hundreds of additional youth through community outreach. It operates three locations, one each in Vero Beach, Sebastian and Fellsmere. The Club welcomes children of all backgrounds, with special emphasis placed on those from disadvantaged circumstances.

The Club locations are open from 2:00 p.m. to 6:00 p.m. after school and all day during summer and on school breaks. Scholarships are provided for any child who is unable to pay the attendance fee. When children walk through the doors of the Club, they enter a safe, positive environment with caring youth development professionals and world-class programs. Key initiatives offered by the Clubs include homework help and tutoring, technology programs, athletics, field trips, and preparation for college and careers through the Destinations teen program. As the demand and need for the Boys & Girls Club increases, the organization continues to diversify its revenue streams, drawing support from individual donors, corporations and various agency grants.

The Boys & Girls Club Foundation of Indian River County, Inc. was formed on July 29, 2012. The Foundation formed for the purpose of holding certain investments and soliciting contributions on behalf of the Club.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the B&GC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Unconditional promises to give are recognized as revenue when the underlying promises are received by the B&GC. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets



Boys & Girls Club of Indian River County, Inc. and Affiliate
Notes to Consolidated Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

released from restrictions. Expenses are reported as decreases in net assets without donor imposed restrictions. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor imposed restrictions unless their use is restricted by explicit donor stipulation or by grantor agreement.

Cash and Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market funds with original maturities of less than three months.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

The B&GC follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,500. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Depreciation is provided using the straight-line method over estimated useful lives ranging from 3 to 39 years.

Leases

The B&GC determines whether to account for its leases as operating, capital or financing leases depending on the underlying terms of the lease agreement(s). This determination of classification is complex and requires significant judgement about the B&GC's cost of funds, minimum lease payments and other lease terms. In accordance with ASU 2016-02, *Leases (Topic 842)*, the B&GC has made the accounting policy election not to recognize right-of-use assets and lease liabilities for leases of 12 months or less and therefore, these are expensed on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space and equipment leases.

Revenue Recognition

B&GC recognizes revenue in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the guidance is that entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. No contract liabilities were recorded for the fiscal year.

Income Taxes

The Club and the Foundation are both not-for-profit organizations as described in Sec. 501(c)(3) of the Internal Revenue Code. As such, the entities are exempt from federal and state income taxes except on net income derived from unrelated business activities. The entities are not classified as private foundations.



Boys & Girls Club of Indian River County, Inc. and Affiliate

Notes to Consolidated Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

B&GC has analyzed the tax positions taken and has concluded that as of June 30, 2023, there are no material uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Club's and the Foundation's tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited using specific identification or time & effort analysis as appropriate to the underlying natural expense categories.

The significant expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and Effort
Occupancy	Location or Program
Program activities	Location or Program
Depreciation	Location

Use of Estimates

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

Prior Period Information

The consolidated financial statements include certain prior year summarized comparative information intended to be read only in relation to the current period figures. The comparative information was derived from the B&GC's consolidated financial statements for the year ended June 30, 2022 and does not herein include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Additionally, the prior year comparative figures may reflect certain reclassifications of amounts to conform to current year presentations.

Note 3 – Uninsured Cash/Investment Balances and Credit Risk

Financial instruments which potentially subject the B&GC to a concentration of credit risk include cash and investments held at financial institutions, which at times exceed FDIC/SIPC insurance limits or are subject to risks associated within the underlying securities. The B&GC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to its cash and investment balances.



Boys & Girls Club of Indian River County, Inc. and Affiliate

Notes to Consolidated Financial Statements (continued)

Note 4 – Liquidity and Availability of Financial Assets

The B&GC has \$1,907,915 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. Available current assets include operating cash of \$1,815,168 and grants receivable of \$92,747. An annual appropriation and transfer from the Foundation's investments to the Club for operations is expected to continue. The Club will additionally fund operating needs through program services income, contributions, and fundraising.

Note 5 – Property and Equipment, net

The following is a summary of property and equipment:

	June 30, 2022	Additions	Deletions	June 30, 2023
Vehicles	\$ 280,673	\$ 25,400	\$ -	\$ 306,073
Office equipment/furnishings	41,991	-	-	41,991
Club equipment/furnishings	173,695	-	-	173,695
Sebastian building	1,531,532	30,400	-	1,561,932
Sebastian building improvements	8,295	-	-	8,295
Vero Beach buildings	5,261,283	16,950	-	5,278,233
Fellsmere building	2,162,583	-	-	2,162,583
Fellsmere building improvements	37,639	-	-	37,639
Work in progress	-	10,000	-	10,000
	9,497,691	82,750	-	9,580,441
Less accumulated depreciation	(2,248,981)	(304,251)	-	(2,553,232)
	\$7,248,710	\$ (221,501)	\$ -	\$7,027,209

Note 6 – Investments

Investments consist of the following as of June 30, 2023:

	Cost	Fair Value	Unrealized Gains (Losses)
Government and agency securities	392,998	370,324	(22,674)
Corporate bonds	140,611	126,586	(14,025)
Mutual funds	895,135	978,931	83,796
Equities	1,871,090	1,965,630	94,540
	\$ 3,299,834	\$ 3,441,471	\$ 141,637

Boys & Girls Club of Indian River County, Inc. and Affiliate

Notes to Consolidated Financial Statements (continued)

Note 6 – Investments (continued)

The components of total investment return from investments for the fiscal year ended June 30, 2023, are reflected below:

Interest and dividends	\$ 132,770
Net realized and unrealized gains (losses)	235,929
Investment fees and expenses	(30,741)
	\$ 337,958

Note 7 – Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. There were no transfers between levels during the year. The three levels of inputs that may be used to measure value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

Fair Value Measurements at Reporting Date Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash & equivalents	\$ 2,018,091	\$ 2,018,091	\$ -	\$ -
Investments	3,441,471	3,441,471	-	-
Leasehold interests	591,875	-	-	591,875
	\$ 6,051,437	\$ 5,459,562	\$ -	\$ 591,875

Boys & Girls Club of Indian River County, Inc. and Affiliate
Notes to Consolidated Financial Statements (continued)

Note 8 – In-kind Contributions

As of July 1, 2021, B&GC adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Under ASU 2018-08, B&GC is required to make certain disclosures pertaining to the value of in-kind donations of nonfinancial assets in its financial statements. This effect of this pronouncement is reflected in the financial statements for the year.

Note 9 – Leasehold Interests and Donated Facilities Usage

B&GC leases land from the City of Vero Beach, the City of Sebastian, the City of Fellsmere, and Indian River County under respective 50-year leases, all with annual \$1 rental payments. All land leases are being used to help provide facilities for programs. The lease terms related to these leases expire in April 2058, October 2051, February 2069, and August 2058, respectively.

In prior years, the B&GC finalized the initial improvements of these leases, placed them in service, and has capitalized them as leasehold interests and donated facilities. The fair market value of the leases has been recorded in the accompanying financial statements as net assets with donor restrictions.

Amounts to be released are as follows:

2024	\$ 15,691
2025	15,691
2026	15,691
2027	15,691
2028	15,691
2029 and after	513,420
	\$ 591,875

Note 10 – Revolving Line of Credit

The B&GC obtained a revolving line of credit from Seacoast National Bank in the amount of \$100,000. As of June 30, 2023, the balance due on this line of credit is \$0. This line of credit carries interest at the bank’s prime rate, adjusted as necessary for any minimum/maximum rate limitations, with an effective rate not to be less than 5.0%. The line of credit is payable on demand with a maturity date of February 26, 2024.

Note 11 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2023:

Leasehold interests	\$ 591,875
Camp scholarships	50,582
YOY Sponsorships	2,346
Trauma Informed	7,471
	\$ 652,274



Boys & Girls Club of Indian River County, Inc. and Affiliate

Notes to Consolidated Financial Statements (continued)

Note 11 –Net Assets With Donor Restrictions (continued)

Net assets released from donor restrictions during the fiscal year ended June 30, 2023 are as follows:

Leasehold interests amortized	\$	15,691
Camp scholarships		53,972
Teen Center		10,000
No Kid Hungry		3,190
	\$	82,853

Note 12 –Net Assets Without Donor Restriction – Board Designated

Boys and Girls Club of Indian River County, Inc.

As of June 30, 2023, the Board of Directors has designated \$4,959,724 of net assets without donor restrictions for future capital expansion and club operations. Of this amount, \$250,000 is designated capital reserves and \$640,321 as operating reserves held by the Club, \$4,069,403 of net assets without donor restrictions is maintained by the Foundation as further described below.

The Foundation consists of funds transferred by the Club's Board of Directors to function as quasi-endowments. Funds functioning as quasi-endowments are organization resources designated by the board as endowment and are invested for long-term appreciation and current income. These assets however, remain available and may be spent at the board's discretion. Funds functioning as quasi-endowments are recorded as net assets without donor restrictions.

Boys and Girls Club Foundation of Indian River County, Inc.

To date, no funds have been received by the Club or the Foundation as donor-imposed endowments. Any funds that may be contributed by a donor-imposed endowment donation in the future would be classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In June 2011, Florida enacted the Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which was effective July 1, 2012, and adopted by the Foundation. The Board of Directors of the Foundation has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of any donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation will classify as permanently restricted net assets (a) the original dollar value of gifts donated to the permanent endowment, (b) the original dollar 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. The remaining portion of any donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by the Organization's board.

Boys & Girls Club of Indian River County, Inc. and Affiliate
Notes to Consolidated Financial Statements (continued)

Note 12 – Net Assets Without Donor Restriction – Board Designated (continued)

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

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Club and Foundation
- Current investment policies of the Foundation

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Foundation policies require to retain as a fund of perpetual duration. If this were to occur, the Foundation would not expend any monies from the fund until the fair market value of the fund returns to a level above the principal. The Foundation does not have any individual donor restricted endowments nor associated deficiencies as of June 30, 2023.

Return Objective and Risk Parameters

The Foundation has adopted a balanced growth investment approach seeking to protect the long term principal value of the quasi-endowment while providing long term real growth of the principal. The Foundation understands that actual returns in any given year may vary, and that adoption of this objective does not assure achievement of any specific investment results.

Strategies Employed for Achieving Objectives

The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints with the asset mix to consist of 35%-75% equity instruments, 10%-55% fixed income securities, 0%-20% global real estate and commodities, and 0%-20% money market funds. The Foundation has preference for simple investment structures which will have lower cost, easier oversight, and less complexity for internal financial management. The Foundation has hired an investment manager to assist them in reaching these goals.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy is authorized by the respective Boards of Directors of Boys and Girls Club of Indian River County, Inc. and Boys and Girls Club Foundation of Indian River County, Inc. Such policy is to consider expected rates of return on investments, restrictions on principal, requirements to support operations and special projects, maintenance of prudent reserves, tax code requirements, and allowances for market and economic uncertainties, as applicable. Transfers to operating accounts from the quasi-endowment funds earnings require appropriation by the Foundation's Board.



Boys & Girls Club of Indian River County, Inc. and Affiliate

Notes to Consolidated Financial Statements (continued)

Note 12 – Net Assets Without Donor Restriction – Board Designated (continued)

Changes in the board designated funds for the year ended June 30, 2023 are as follows:

	Club	Foundation	Total
Board-designated net assets at June 30, 2022	\$ 890,321	\$ 3,566,039	\$ 4,456,360
Contributions	-	500,000	500,000
Net investment activity	-	303,364	303,364
Appropriated for expenditure	-	(300,000)	(300,000)
Board-designated net assets at June 30, 2023	\$ 890,321	\$ 4,069,403	\$ 4,959,724

Note 13 – Contributed Services

B&GC receives services from a number of volunteers who give significant amounts of their time to programs and fund-raising campaigns. These donated services are of a nonprofessional capacity and as such do not meet the criteria for financial statement recognition. Therefore, these services are not reflected in the financial statements.

Note 14 – Employee Benefit Plans

The Club initiated a money purchase plan on January 1, 2010. Each employee working 30 hours or more per week is eligible to participate when they reach 21 years of age and have completed one year of service to the Club. Under the plan, the Club may make contributions equal to 5% of the employee's compensation for the year. Employees are 100% vested in employer contributions after three years of service. Contributions for the year ended June 30, 2023, were \$10,472. The Club also maintains a 403(b) retirement plan, whereby eligible employees can voluntarily contribute a percentage of their compensation up to the Elective Deferral Dollar Limit permitted under Code Section 415.

Note 15 – Special Events

Special event income for the year ending June 30, 2023, are as follows:

	Event Income	Direct benefit to donors	Net Event Income (Loss)
Angels dinner	\$ 327,176	\$ 67,366	\$ 259,810
Golf tournament	165,355	34,428	130,927
Bridge	13,135	3,661	9,474
	\$ 505,666	\$ 105,455	\$ 400,211

Boys & Girls Club of Indian River County, Inc. and Affiliate

Notes to Consolidated Financial Statements (continued)

Note 16 - New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize the assets and liabilities that arise from leases in the balance sheet. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) – Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. B&GC adopted ASU 2016-02 and its related amendments as of July 1, 2022. The adoption of ASU 2016-02 had no material effect on the financial statements for the year ended June 30, 2023.

Note 17 - Subsequent Events

Management has evaluated subsequent events through November 28, 2023 the date the financial statement was made available to be issued. After consideration of the above, management is not aware of any additional events subsequent to the statement of net position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.



SUPPLEMENTARY INFORMATION

Boys & Girls Club of Indian River County, Inc. and Affiliate
Consolidating Statement of Financial Position
Year ended June 30, 2023

	Boys & Girls Club of Indian River County, Inc.	Boys & Girls Club Foundation of Indian River County, Inc.	Consolidated
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,381,052	\$ 637,039	\$ 2,018,091
Grants receivable	92,747	-	92,747
Prepaid expenses	57,925	-	57,925
Interfund borrowings	9,107	(9,107)	-
Total Current Assets	1,540,831	627,932	2,168,763
Other Assets			
Investments	-	3,441,471	3,441,471
Leasehold interests	591,875	-	591,875
Property and equipment, net	7,027,209	-	7,027,209
Total Other Assets	7,619,084	3,441,471	11,060,555
Total Assets	\$ 9,159,915	\$ 4,069,403	\$ 13,229,318
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued expenses	\$ 19,919	\$ -	\$ 19,919
Accrued wages and vacation pay	124,936	-	124,936
Deferred revenue	24,778	-	24,778
Total Current Liabilities	169,633	-	169,633
Net Assets			
Without donor restriction:			
Operating	7,447,687	-	7,447,687
Board designated	890,321	4,069,403	4,959,724
With donor restrictions	652,274	-	652,274
Total Net Assets	8,990,282	4,069,403	13,059,685
	\$ 9,159,915	\$ 4,069,403	\$ 13,229,318

See accompanying notes to consolidated financial statements.

Boys & Girls Club of Indian River County, Inc. and Affiliate
Consolidating Statement of Activities and Changes in Net Assets
Year ended June 30, 2023

	Boys & Girls Club of Indian River County, Inc.	Boys & Girls Club Foundation of Indian River County, Inc.	Consolidated
Revenues and other support			
Contributions	\$ 1,020,564	\$ 500,000	\$ 1,520,564
Grants	392,017	-	392,017
Fundraising events/projects	505,666	-	505,666
Net investment income (loss)	30,407	307,551	337,958
Program fees	224,829	-	224,829
Total revenues and other support	2,173,483	807,551	2,981,034
Expenses			
Program services:			
Youth Programs - Athletics	320,917	-	320,917
Youth Programs - Destinations	212,750	-	212,750
Youth Programs - Fellsmere	628,182	-	628,182
Youth Programs - Sebastian	534,676	-	534,676
Youth Programs - Vero Beach	845,372	-	845,372
Total program services	2,541,897	-	2,541,897
Supporting services:			
Management and general	141,546	4,187	145,733
Fundraising	176,929	-	176,929
Total supporting services	318,475	4,187	322,662
Total expenses	2,860,372	4,187	2,864,559
Increase (decrease) in net assets	(686,889)	803,364	116,475
Net assets, beginning of year	9,377,171	3,566,039	12,943,210
Interfund transfers	300,000	(300,000)	-
Net assets, end of year	\$ 8,990,282	\$ 4,069,403	\$ 13,059,685

See accompanying notes to consolidated financial statements.