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

**Financial Statements**

For the Fiscal Year Ended August 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Boys & Girls Clubs of Thurston County (the BGCTC), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The BGCTC as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The BGCTC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

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

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

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

## **Report on Summarized Comparative Information**

We have previously audited the Organization’s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



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

April 25, 2025

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

**Statement of Financial Position**

<b>August 31, 2024 (With Comparative Totals for 2023)</b>	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash	\$ 306,035	\$ 671,882
Restricted Cash - Scholarship	-	21,000
Restricted Cash - Capital	-	1,973
Restricted Cash - School Supplies	-	2,032
Accounts Receivable	162,677	218,072
Right to Use Operating Lease Asset - Current	45,757	43,079
Prepaid Expenses	45,050	30,421
<b>Total Current Assets</b>	<b>559,519</b>	<b>988,459</b>
<u>Property and Equipment</u>		
Land and Land Improvements	530,954	530,954
Leasehold Improvements, net	888,282	954,033
Furniture and Equipment, net	160,520	140,628
<b>Total Property and Equipment</b>	<b>1,579,756</b>	<b>1,625,615</b>
<u>Other Assets</u>		
Endowment	1,950,419	1,245,969
Investments	520,622	534,338
Right to Use Operating Lease Asset - Long Term	28,338	59,962
<b>Total Other Assets</b>	<b>2,499,379</b>	<b>1,840,269</b>
<b>Total Assets</b>	<b>\$ 4,638,654</b>	<b>\$ 4,454,343</b>

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

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

**Statement of Financial Position**

<b>August 31, 2024 (With Comparative Totals for 2023)</b>	<b>2024</b>	<b>2023</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 60,894	\$ 34,449
Accrued Expenses	25,593	18,580
Accrued Vacation	57,233	40,312
Deferred Revenue	25,824	-
Operating Lease Liability - Current	45,757	43,079
<b>Total Current Liabilities</b>	<b>215,301</b>	<b>136,420</b>
<u>Long Term Liabilities</u>		
Operating Lease Liability - Long Term	28,338	59,962
<b>Total Long Term Liabilities</b>	<b>28,338</b>	<b>59,962</b>
<u>Net Assets</u>		
Without Donor Restrictions	462,670	1,039,749
Without Donor Restrictions - Property & Equipment	1,579,756	1,625,615
Without Donor Restrictions - Board Designated	402,170	321,623
Without Donor Restrictions - Board Designated Endowment	355,219	355,219
	2,799,815	3,342,206
With Donor Restrictions Net Assets	1,595,200	915,755
<b>Total Net Assets</b>	<b>4,395,015</b>	<b>4,257,961</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 4,638,654</b>	<b>\$ 4,454,343</b>

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

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

**Statement of Activities and Changes in Net Assets**

<b>Fiscal Year Ended August 31, 2024 (With Comparative Totals for 2023)</b>			<b>2024</b>	<b>2023</b>
	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>	<b>TOTAL</b>
<b>Support and Revenue</b>				
Grants	\$ 863,519	\$ -	\$ 863,519	\$ 828,572
Contributions	879,538	106,862	986,400	1,979,362
Membership Revenue	47,129	-	47,129	33,705
Program Revenue	716,284	-	716,284	598,357
Fundraising Revenue	609,299	-	609,299	830,831
Other Income	8,175	-	8,175	4,000
Inkind Revenue	85,448	-	85,448	73,351
Interest Income	16,233	-	16,233	7,998
Satisfaction of Program Restrictions	79,005	(79,005)	-	-
<b>Total Support and Revenue</b>	<b>3,304,630</b>	<b>27,857</b>	<b>3,332,487</b>	<b>4,356,176</b>
<b>Expenses</b>				
Program Services	2,574,670	-	2,574,670	2,415,910
Management and General	649,052	-	649,052	751,283
Fundraising	656,936	-	656,936	629,840
Unallocated Payments to National Organization	11,427	-	11,427	11,427
<b>Total Expenses</b>	<b>3,892,085</b>	<b>-</b>	<b>3,892,085</b>	<b>3,808,460</b>
Increase (Decrease) in Net Assets Before Other Revenues & Expenses	(587,455)	27,857	(559,598)	547,716
<b>Other Revenues &amp; Expenses</b>				
Loss on Disposal of Fixed Assets	(3,569)	-	(3,569)	-
Investment Income (Loss)	48,633	651,588	700,221	135,189
<b>Total Other Revenues &amp; Expenses</b>	<b>45,064</b>	<b>651,588</b>	<b>696,652</b>	<b>135,189</b>
Increase (Decrease) in Net Assets	(542,391)	679,445	137,054	682,905
Net Assets, Beginning of Year	3,342,206	915,755	4,257,961	3,575,056
<b>Net Assets, End of Year</b>	<b>\$ 2,799,815</b>	<b>\$ 1,595,200</b>	<b>\$ 4,395,015</b>	<b>\$ 4,257,961</b>

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

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

**Statement of Cash Flows**

<b>Fiscal Year Ended August 31, 2024 (With Comparative Totals for 2023)</b>	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ 137,054	\$ 682,905
Adjustments to reconcile increase in net assets to net cash flows provided (used) by operating activities:		
Depreciation	191,725	189,599
Unrealized (Gain) Loss on Investments	(612,440)	(117,007)
Loss on Disposal of Fixed Assets	3,569	-
(Increase) Decrease In:		
Accounts Receivable	55,395	37,839
Prepaid	(14,629)	983
Increase (Decrease) In:		
Accounts Payable	26,445	10,466
Accrued Expenses	7,013	(1,852)
Deferred Revenue	16,921	(672)
Accrued Vacation	25,824	(14,515)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(163,123)</b>	<b>787,746</b>
<b>Cash Flows From Investing Activities</b>		
Investments Sale (Purchase)	(78,295)	(695,372)
Purchase of Leasehold Imp., Property & Equipment	(149,434)	(98,115)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(227,729)</b>	<b>(793,487)</b>
Net Increase (Decrease) in Cash & Cash Equivalents	(390,852)	(5,741)
Cash & Cash Equivalents at Beginning of Year	696,887	702,628
<b>Cash &amp; Cash Equivalents at End of Year</b>	<b>\$ 306,035</b>	<b>\$ 696,887</b>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash Paid During the Year for Interest	\$ 5,445	\$ 5,572

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

**Boys & Girls Clubs of Thurston County**  
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**Statement of Functional Expense**

<b>Fiscal Year Ended August 31, 2024 (With Comparative Totals for 2023)</b>	<b>2024</b>	<b>2023</b>			
	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Salaries	\$ 1,381,829	\$ 310,518	\$ 364,521	\$ 2,056,868	\$ 1,896,574
Payroll Taxes	123,347	33,463	39,283	196,093	185,658
Employee Benefits	232,922	65,473	76,859	375,254	321,014
Scholarship Expense	54,000	-	-	54,000	103,400
Training & Education Expense	6,978	17,198	-	24,176	41,104
Repair and Maintenance	84,674	1,882	-	86,556	104,398
Insurance	33,687	1,872	1,872	37,431	35,429
Postage	1,497	1,747	1,747	4,991	5,634
Printing/Advertising	14,039	2,466	2,466	18,971	13,103
Professional Fees	24,073	91,697	-	115,770	235,624
Occupancy Expense	73,509	7,001	7,001	87,511	82,394
Supplies	140,106	35,932	152,052	328,090	317,649
Youth Transportation	71,585	-	-	71,585	53,797
Dues & Subscriptions	8,583	15,900	-	24,483	28,484
Vehicle Expenses	11,103	16,621	-	27,724	23,920
Meals	6,087	8,761	-	14,848	17,201
Inkind Expense	72,631	10,254	2,563	85,448	73,351
Admission & Entrance Expense	16,423	-	-	16,423	6,845
Rent Expense	25,598	18,942	6,655	51,195	51,364
Interest	-	5,445	-	5,445	5,572
Miscellaneous Expenses	6,026	45	-	6,071	4,919
Depreciation	185,973	3,835	1,917	191,725	189,599
<b>Total Expenses</b>	<b>\$ 2,574,670</b>	<b>\$ 649,052</b>	<b>\$ 656,936</b>	<b>\$ 3,880,658</b>	<b>\$ 3,797,033</b>

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

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A Washington Not-For-Profit Organization**

**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Mission and Programs

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

The BGCTC serves kids from ages 5 to 18 at nine locations (Tumwater, Rochester, Lacey, Olympia, Tenino, Yelm, RMAC, Griffin, and LP Brown) before school, after school and during school break periods. In 2024, the BGCTC had 1,235 school age kids in memberships. Programs are offered to support kids in the areas of character and leadership development, education and career development, health and life skills, the arts and sports, and fitness and recreation.

Financial Statements

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

Use of Estimates

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

Statement of Cash Flows

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

Furniture and Equipment

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

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

Support

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

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

**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2024**

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

Comparative Totals

The financial information includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended August 31, 2023, from which the summarized information was derived.

Liquidity and Availability

The BGCTC has \$468,712 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$306,035 and accounts receivable of \$162,677 as of August 31, 2024. The BGCTC has \$889,954 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$671,882 and accounts receivable of \$218,072 as of August 31, 2023. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The BGCTC has ongoing grants and contracts that will reimburse the BGCTC allowable expenditures for that grant or contract. The BGCTC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The BGCTC has restricted cash in the amount of \$0 and \$25,005 as of August 31, 2024 and 2023 respectively. See note 5.

The BGCTC also has investments and an endowment fund of \$2,471,041 and \$1,780,307 as of August 31, 2024 and 2023, respectively. See note 4.

Investments

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

Leases

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

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

**Fiscal Year Ended August 31, 2024**

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

the remaining lease payments). Lease cost for lease payments is recognized on a straight-line basis over the lease term.

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

**Revenue and Revenue Recognition**

The Financial Accounting Standards Board (FASB) guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The BGCTC follows these principles.

The BGCTC recognizes revenue from club services when the performance obligations of providing these services are met. Amounts received in advance are deferred to the applicable period. Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. Payments are required at the time of sale or start of the membership period; amounts received in advance are deferred to the applicable period.

A portion of the BGCTC’s revenue is derived from grants and contracts from their funding sources. Amounts received are recognized as revenue when expenditures have incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. No amounts have been received in advance under the BGCTC’s contracts and grants.

At August 31, 2024 and 2023, the BGCTC has recorded deferred revenue of \$25,824 and \$0, respectively, which the BGCTC expects to recognize as revenue in the following year, when it performs those services and, therefore, satisfies its performance obligation to the funding sources.

The balances of receivables and deferred revenue from grants and contracts are as follows as of August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Accounts Receivable	\$ 121,679	\$ 159,699
Deferred Revenue	\$ 25,824	\$ -

**Recognition of Contribution Revenue**

The BGCTC recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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

**Fiscal Year Ended August 31, 2024**

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

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

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

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

**Bad Debts**

The BGCTC does not provide an allowance for doubtful accounts, as required by generally accepted accounting principles, because historically bad debts have not been material. BGCTC uses the direct write-off method. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. For the fiscal years ended August 31, 2024 and 2023, there were bad debts of \$0, respectively.

**Advertising**

Advertising costs are expensed as they are incurred.

**Allocation of Indirect Costs**

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

**Employee Benefits**

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

The BGCTC has a 403(b) defined contribution money purchase plan for all eligible employees. The BGCTC provides for employer contributions of 6% of gross wages to all eligible employees. Pension expense for the fiscal years ended August 31, 2024 and 2023, was \$91,758 and \$90,202, respectively.

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

**Fiscal Year Ended August 31, 2024**

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**NOTE 2 – FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK**

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

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

The BGCTC, at times, has cash deposits that exceed the insured limit by the U.S. Federal Deposit Insurance Corporation. As of August 31, 2024 and 2023, the uninsured cash balance totaled \$29,533 and \$342,714, respectively. There are no grant funds at risk and there was no loss for the year.

**NOTE 3 – PROPERTY AND EQUIPMENT**

At August 31, 2024, property and equipment includes the following:

Furniture & Equipment	3 - 5 yrs	\$ 469,671
Accumulated Depreciation		<u>(309,151)</u>
Total		<u>\$ 160,520</u>
Land & Land Improvements		\$ 530,954
Leasehold Improvements	10 - 20 yrs	3,051,396
Accumulated Depreciation		<u>(2,163,114)</u>
Total		<u>\$ 1,419,236</u>

Net property and equipment at August 31, 2023, was \$1,625,615.

**NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS**

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

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

- Capital needs
- Program support

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

**Fiscal Year Ended August 31, 2024**

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

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

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

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

Change in endowment funds for the fiscal year ended August 31, 2024, are as follows:

	Board <u>Designated</u>	Time or Purpose <u>Restrictions</u>	<u>Total</u>
Beginning Balance	\$ 355,219	\$ 890,750	\$ 1,245,969
Bequests/Contributions	-	-	-
Investment Income (Loss)	-	704,450	704,450
Distributions	-	-	-
Ending Balance	<u>\$ 355,219</u>	<u>\$ 1,595,200</u>	<u>\$ 1,950,419</u>

Change in endowment funds for the fiscal year ended August 31, 2023, was \$428,730.

As of August 31, 2024, the investments had the following cost basis:

Bonds	\$ 320,424
Money Market Funds	461,391
Corporate Stocks	1,218,082
U.S. Treasury Securities	<u>83,629</u>
Total	<u>\$ 2,083,526</u>

Cost basis as of August 31, 2023, was \$1,601,224.

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**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2024**

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

Investment income (loss) for the fiscal year ended August 31, 2024, is as follows:

Unrealized Gain (Losses)	\$	616,009
Realized Gain (Losses)		39,148
Dividends		<u>45,064</u>
Total	\$	<u><u>700,221</u></u>

Investment income (loss) for the fiscal year ended August 31, 2023, was \$135,189.

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

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

**Level 2:** Inputs to valuation methodology include:

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2024.

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

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

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

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

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

The following table sets forth by level, within the fair value hierarchy, the BGCTC’s assets at fair value as of August 31, 2024 with comparative totals for 2023:

	Level 1	Level 2	Level 3	2024 Total	2023 Total
Bonds	\$ 358,092	\$ -	\$ -	\$ 358,092	\$ 520,223
Money Market Funds	461,390	-	-	461,390	400,027
Corporate Stocks	1,573,661	-	-	1,573,661	759,944
U.S. Treasuries	<u>77,898</u>	<u>-</u>	<u>-</u>	<u>77,898</u>	<u>100,113</u>
Total Assets at Fair Value:	<u>\$ 2,471,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,471,041</u>	<u>\$ 1,780,307</u>

**NOTE 5 – RESTRICTED CASH & NET ASSETS WITH DONOR RESTRICTIONS**

Capital restricted cash are donor restricted donations to be used for purchase of capital items for the clubs that have not been spent as of year end. As of August 31, 2024 and 2023, restricted cash for capital was \$0 and \$1,973 on the statement of financial position, respectively.

Scholarship restricted cash are donor restricted donations to be used for scholarships that have not been spent as of year end. As of August 31, 2024 and 2023, restricted cash for scholarships was \$0 and \$21,000, respectively.

School supplies restricted cash are donor restricted donations to be used for school supplies that have not been spent as of year end. As of August 31, 2024 and 2023, restricted cash for school supplies was \$0 and \$2,032, respectively.

As of August 31, 2024 and 2023, board designated was \$402,170 and \$321,623, respectively. These funds are board designated, to be used to fill a club position to support social, emotional, and mental health.

As of August 31, 2024 and 2023, with donor restriction endowment was \$1,595,200 and \$890,750, respectively. See Note 4.

As of August 31, 2024 and 2023, total net assets with donor restrictions were \$1,595,200 and \$915,755, respectively.

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**NOTE 6 – DONATED SERVICES & MATERIALS**

During the fiscal years ended August 31, 2024 and 2023, BGCTC received donated materials and services. The value of donated materials and services is reflected in the financial statements as in-kind revenue and in-kind expense, and for the fiscal years ended August 31, 2024 and 2023, was \$22,148 and \$9,651, respectively. The value of donated advertising for the fiscal years ended August 31, 2024 and 2023, was \$0 and \$400, respectively.

**NOTE 7 – LEASES**

The BGCTC has obligations as a lessee for facilities and equipment with initial noncancellable terms in excess of one year. The BGCTC has classified these leases as operating leases. The leases are 5-year leases and will expire in 2029. Payments due under this lease is a monthly fixed payment.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of August 31, 2024:

2025	\$ 46,625
2026	19,375
2027	4,361
2028	3,257
2029	2,441
Thereafter	<u>0</u>
Total Lease Payments	76,059
Less Imputed Interest	<u>(1,964)</u>
Total Liability	<u>\$ 74,095</u>

The components of lease cost for the year ended August 31, 2024, are as follows:

Operating Lease Cost	\$46,625
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Supplemental cash flow information:

Reduction to ROU assets resulting from reductions to lease obligations:

Operating Lease	\$28,946
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ROU Assets Obtained in Exchange for Lease Obligation:

Operating Leases	\$74,095
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Remaining lease term:

Operating Lease	5 years
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Discounted rates:

Operating Leases	2.940%, 0.780%, 0.490%, and 4.57%
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**Fiscal Year Ended August 31, 2024**

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**NOTE 8 – CONTINGENCIES**

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

**NOTE 9 – INCOME TAXES**

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

The BGCTC files income tax returns in the U.S. federal jurisdiction. The BGCTC is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2020. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of August 31, 2024, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

The BGCTC recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended August 31, 2024, the BGCTC recognized \$0 in interest and penalties. The BGCTC recognized \$0 for the payment of interest and penalties accrued at August 31, 2024.

**NOTE 10 – INVESTMENTS WITH FOUNDATION**

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

Grant

\$2,500,000 are unrestricted funds, which can be used at any time for Club purposes. Management need only request the funds to have them transferred from CFSPS. During the fiscal year ended August 31, 2024, BGCTC had requested a total of \$0. As of August 31, 2024, the grant had \$2,127,542 in available funds.

Endowment

\$1,500,000 is for Club graduates for scholarships to attend further educational and/or vocational training. Distribution from the endowment is restricted to 4% of the outstanding balance in the endowment. During the fiscal year ended August 31, 2024, BGCTC had requested a total of \$58,000. As of August 31, 2024, the endowment had \$1,826,405 in available funds.

\$1,000,000 is for Club member scholarships to enable participation in the Club. Distribution from the endowment is restricted to 4% of the outstanding balance in the endowment. During the fiscal year ended August 31, 2024, BGCTC had requested a total of \$46,632. As of August 31, 2024, the endowment had \$1,188,175 in available funds.

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**NOTE 11 – INKIND RENT**

The BGCTC rents three locations below fair value. The estimated value of donated facilities is reflected in the financial statements as in-kind revenues and in-kind expenses for the fiscal years ended August 31, 2024 and 2023, at \$63,300 and \$63,300, respectively.

**NOTE 12 - SUBSEQUENT EVENTS**

The BGCTC did not have any subsequent events through April 25, 2025, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended August 31, 2024.