

BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

TOGETHER WITH INDEPENDENT AUDITORS' REPORT



BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITORS' REPORT

Board of Directors
Boys and Girls Clubs of Chaffee County, Inc.
Salida, Colorado

Opinion

We have audited the accompanying financial statements of **Boys and Girls Clubs of Chaffee County, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Clubs of Chaffee County, Inc. as of June 30, 2024, and the changes in 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 Boys and Girls Clubs of Chaffee County, Inc. 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 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 and Girls Clubs of Chaffee County, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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, including omissions, 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 and Girls Clubs of Chaffee County, Inc.'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 and Girls Clubs of Chaffee County, Inc.'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 Boys and Girls Clubs of Chaffee County, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PLLC

Taylor, Roth and Company, PLLC
Albuquerque, New Mexico
October 18, 2024

BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 727,221	\$ 816,020
Grants receivable (Note 4)	100,885	103,639
Contributions receivable, net (Note 4)	410,768	1,014,105
Prepaid expenses	5,227	18,350
Cash restricted for capital acquisitions	151,027	258,920
Investments - partially restricted (Note 5)	4,197,128	2,189,947
Property and equipment, net - partially restricted (Note 6)	1,611,577	1,544,381
Total assets	<u>\$ 7,203,833</u>	<u>\$ 5,945,362</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 11,107	\$ 14,022
Accrued payroll expenses	32,639	40,658
Note payable (Note 7)	364,578	406,716
Total liabilities	<u>408,324</u>	<u>461,396</u>
<u>Net assets</u>		
Without donor restrictions		
Undesignated	127,255	42,034
Board-designated (Note 8)	1,112,932	1,088,537
Net investment in property and equipment	1,043,096	1,004,546
	2,283,283	2,135,117
With donor restrictions (Notes 9 and 10)	4,512,226	3,348,849
Total net assets	<u>6,795,509</u>	<u>5,483,966</u>
Total liabilities and net assets	<u>\$ 7,203,833</u>	<u>\$ 5,945,362</u>

The accompanying notes are an integral part of these financial statements

BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Contributions	\$ 363,402	\$ 976,524	\$ 1,339,926	\$ 1,830,746
Governmental grants	395,392	10,000	405,392	308,423
Foundation grants	62,270	232,500	294,770	187,093
Investment income(loss) (Note 5)	196,904	-	196,904	88,461
Program services	105,471	-	105,471	121,694
Special events	92,925	-	92,925	82,007
Less: direct donor benefits	(26,307)	-	(26,307)	(39,915)
Other income	17,293	-	17,293	6,685
Net assets released from restrictions (Note 11)	55,647	(55,647)	-	-
Total revenue and support	1,262,997	1,163,377	2,426,374	2,585,194
<u>Expense</u>				
Program services	731,310	-	731,310	633,232
Supporting services				
Management and general	184,302	-	184,302	170,160
Fund-raising	199,219	-	199,219	168,976
Total expense	1,114,831	-	1,114,831	972,368
Change in net assets	148,166	1,163,377	1,311,543	1,612,826
Net assets, beginning of year	2,135,117	3,348,849	5,483,966	3,871,140
Net assets, end of year	\$ 2,283,283	\$ 4,512,226	\$ 6,795,509	\$ 5,483,966

The accompanying notes are an integral part of these financial statements

BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR 2023)

	2024				2023
	Supporting Services				
	Program Services	Management and General	Fund- raising	Total	Total
Salaries	\$ 416,343	\$ 92,521	\$ 69,390	\$ 578,254	\$ 485,122
Payroll taxes and benefits	86,487	19,219	14,414	120,120	82,531
Program supplies	60,949	-	-	60,949	51,004
Depreciation	45,262	12,070	3,017	60,349	53,408
Meetings, events, and travel	22,273	4,950	30,019	57,242	56,451
Grant writing services	-	-	36,027	36,027	31,094
Professional services	2,742	10,967	13,710	27,419	6,274
Occupancy	20,315	5,417	1,354	27,086	34,212
Dues, fees, and subscriptions	14,599	3,245	2,433	20,277	18,411
AmeriCorps stipend	18,000	-	-	18,000	5,000
Accounting services	-	13,425	-	13,425	10,500
Office expenses	9,451	2,101	1,575	13,127	18,292
Interest expense	7,436	1,982	496	9,914	12,028
Insurance	7,253	2,417	-	9,670	11,451
Other employee-related expenses	6,170	1,372	1,028	8,570	7,290
Training	5,589	1,863	-	7,452	755
Other expenses	8,441	12,753	6,376	27,570	23,409
Subtotal, expenses by function, before capital campaign	731,310	184,302	179,839	1,095,451	907,232
Capital campaigns (Note 15)					
Campaign manager	-	-	37,255	37,255	67,140
Meeting expense	-	-	5,537	5,537	20,588
Bad debt	-	-	2,680	2,680	15,500
Other campaign expense	-	-	215	215	1,823
Subtotal, capital campaign	-	-	45,687	45,687	105,051
Subtotal, expenses by function	731,310	184,302	225,526	1,141,138	1,012,283
Less expenses included with revenues on the statement of activities					
Special event - donor benefits	-	-	(26,307)	(26,307)	(39,915)
Total	\$ 731,310	\$ 184,302	\$ 199,219	\$ 1,114,831	\$ 972,368

The accompanying notes are an integral part of these financial statements

BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 1,311,543	\$ 1,612,826
Reconciliation of change in net assets to net cash provided by operating activities		
Depreciation	60,349	53,408
Contributions restricted for capital projects	(1,217,263)	(1,173,001)
Realized and unrealized (gains) losses on investments	(80,780)	(22,815)
Bad debt expense	2,680	15,500
Donated stock	-	(251,981)
<u>Changes in operating assets and liabilities</u>		
(Increase) decrease in receivables	619,215	(872,083)
(Increase) decrease in prepaid expenses and other assets	13,123	(18,350)
Increase(decrease) in accounts payable and accrued payroll expenses	<u>(10,934)</u>	<u>5,660</u>
Net cash provided(used) by operating activities	<u>697,933</u>	<u>(650,836)</u>
<u>Cash flows from investing activities</u>		
(Reinvestment) of investment income	(116,124)	(65,646)
(Purchases) proceeds from investments	(1,810,277)	(1,619,915)
(Purchases) of property and equipment	<u>(127,545)</u>	<u>(222,222)</u>
Net cash provided(used) by investing activities	<u>(2,053,946)</u>	<u>(1,907,783)</u>
<u>Cash flows from financing activities</u>		
Collections of contributions restricted for capital projects	1,201,459	1,424,982
Net borrowings(repayments) on note payable	<u>(42,138)</u>	<u>(44,757)</u>
Net cash provided(used) by financing activities	<u>1,159,321</u>	<u>1,380,225</u>
Net increase(decrease) in cash and cash equivalents	(196,692)	(1,178,394)
Cash, cash equivalents, and restricted cash - beginning of year	<u>1,074,940</u>	<u>2,253,334</u>
Cash, cash equivalents, and restricted cash - end of year	<u><u>\$ 878,248</u></u>	<u><u>\$ 1,074,940</u></u>
<u>Reconciliation to the statement of financial position — Cash and cash equivalents</u>		
Cash and cash equivalents	\$ 727,221	\$ 816,020
Cash restricted for capital acquisitions	<u>151,027</u>	<u>258,920</u>
Total cash, cash equivalents, and restricted cash	<u><u>\$ 878,248</u></u>	<u><u>\$ 1,074,940</u></u>
<u>Supplemental disclosure:</u>		
Cash paid during the period for interest	<u><u>\$ 9,914</u></u>	<u><u>\$ 12,028</u></u>

The accompanying notes are an integral part of these financial statements

BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Boys and Girls Clubs of Chaffee County, Inc. (the Club or Organization) was incorporated as a non-profit corporation in the state of Colorado on October 17, 2005. The mission of the Club is "to inspire and empower all young people to reach their full potential as productive, responsible and caring citizens." Membership is open to young people ages 6-18. Our programs focus on these key areas: the arts, character and leadership development, education and careers, health and life skills, sports, recreation and fitness and specialized initiatives such as teen nights and field trips. The Club has locations in Salida and Buena Vista, Colorado, and is supported primarily by contributions and grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

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

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

3. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless held as a component of the endowment portfolio or restricted to long-term building projects.

4. Receivables

Management assesses the need for an allowance for uncollectible receivables based on historical experience with the donor, an assessment of general economic conditions, and review of subsequent collections. An allowance is established for a specific receivable when collectability becomes doubtful.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

4. Receivables (concluded)

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. If material, unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in revenue in the statement of activities.

5. Contributions of Property and Equipment

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

6. Revenue and Revenue Recognition

The Organization 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 met. All contributions are available for unrestricted use unless specifically restricted by the donor. The Organization recognizes revenue from special events when the event takes place. Contribution income is recognized for the excess amount received above the donor benefit. Gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

The Organization charges a nominal, non-refundable annual fee for club membership. Also included in program service revenue are fees charged for all-day supervised programs, as well as field trip and other non-recurring activities. Revenue for membership is recognized when received, and revenue for other programs is recognized when the service is provided.

The Organization recognizes revenue from governmental grants per the terms of the underlying grant agreement which can include cost-reimbursement grants and fee for service. Revenue from cost reimbursement grants is recognized when a qualifying expense has been incurred. Revenue from fee for service grants is recognized at the time the services are provided, at the amount stipulated in the grant agreement. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization has elected to recognize revenue under conditional grants and contracts as revenue in net assets without donor restrictions. As of June 30, 2024, the Organization was the recipient of two governmental grants with unearned balances of approximately \$40,000. Revenue from these conditional grants will be earned through June 30, 2025, as services are delivered and costs are incurred.

7. Capitalization and Depreciation

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000, with an estimated useful life in excess of one year. Property and equipment are recorded at cost, or in the case of contributed items, fair value on the date of contribution. Depreciation is computed on the straight-line method based on the estimated useful lives of the related assets, ranging from 3 to 40 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

9. Income Taxes

The Organization is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

10. Functional Reporting of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Significant expenses that are allocated on the basis of employee time and effort include salaries, payroll taxes, and benefits. Occupancy-related costs are allocated based on estimated utilization of facilities. Other significant costs, such as travel, conferences, and training, are allocated based on a reasonable estimate of the benefits received from the functional categories.

11. In-kind Donations

Donated services are recognized as contributions in accordance with generally accepted accounting principles (GAAP), if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Club. The value of donated services is based on current market rates and approximates what the Club would have paid if not donated. Donated goods and materials are reflected in the accompanying statements at their estimated values at date of receipt.

12. Fair Value Measurements

The Club follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

13. Summarized Prior-Year Information

The financial statements include 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

14. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

15. Subsequent Events

Management has evaluated subsequent events through October 18, 2024, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2024:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 878,248
Receivables, net	511,653
Investments	4,197,128
	<u>5,587,029</u>
Less amounts with donor or internal restrictions:	
Net assets with donor restrictions for time or purpose	(4,510,224)
Net assets with donor restrictions to be held for perpetuity	(2,002)
Board-designated net assets - endowment	(500,177)
Board-designated net assets - building fund, Buena Vista	(250,000)
Board-designated net assets - long-term building repairs	(30,000)
Board-designated net assets - employee retention fund	(14,455)
	<u>(5,306,858)</u>
Total financial assets available to meet general expenditures over the next 12 months	<u>\$ 280,171</u>

As of June 30, 2024, the Board has designated an operating reserve of \$318,300 which represents four months of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, primarily savings and money market accounts.

NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE

As of June 30, 2024, all grants receivable were primarily due from state governmental agencies and considered fully collectible with payment expected within 12 months of year-end.

Contributions receivable are solicited for operational purposes, as well as capital campaigns for both the Salida and Buena Vista locations. Payments for contributions receivable recorded as of June 30, 2024, are expected as follows:

<u>For years ending June 30th:</u>	<u>Amount</u>
2025	\$ 245,435
2026	102,333
2027	20,500
2028	10,500
2029	10,500
2030-2035	21,500
	<u>410,768</u>
Less: Allowance for doubtful accounts	-
Contributions receivable, net	<u>\$ 410,768</u>

NOTE 5 - INVESTMENTS

Investments are carried at market value and consisted of the following as of year-end:

<u>Description</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Endowment			
Exchange-traded funds:			
Equities	\$ 232,529	\$ 246,292	\$ 13,763
Bonds	246,700	244,989	(1,711)
Cash and cash equivalents	<u>10,898</u>	<u>10,898</u>	<u>-</u>
Subtotal, endowment	<u>490,127</u>	<u>502,179</u>	<u>12,052</u>
Capital campaign - Buena Vista			
U.S. Treasury bonds	3,505,229	3,542,586	37,357
Accrued interest	16,432	16,432	-
Cash and cash equivalents	<u>5,713</u>	<u>5,713</u>	<u>-</u>
Subtotal, capital campaign	<u>3,527,374</u>	<u>3,564,731</u>	<u>37,357</u>
Other investments			
Certificates of deposit	129,000	128,995	(5)
Accrued interest	<u>1,223</u>	<u>1,223</u>	<u>-</u>
Subtotal, other investments	<u>130,223</u>	<u>130,218</u>	<u>(5)</u>
<u>Total investments</u>			
U.S. Treasury bonds	3,505,229	3,542,586	37,357
Exchange-traded funds:			
Equities	232,529	246,292	13,763
Bonds	246,700	244,989	(1,711)
Certificates of deposit	129,000	128,995	(5)
Accrued interest	17,655	17,655	-
Cash and cash equivalents	<u>16,611</u>	<u>16,611</u>	<u>-</u>
Total	<u>\$ 4,147,724</u>	<u>\$ 4,197,128</u>	<u>\$ 49,404</u>

NOTE 5 - INVESTMENTS (concluded)

Investment returns for the year ended June 30, 2024, are summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividends	\$ 124,444
Unrealized and realized gains(losses)	80,780
Fees	<u>(8,320)</u>
Total	<u>\$ 196,904</u>

Investment income may include unrealized losses which are a result of investments losing value due to market fluctuations. All investments are made in accordance with the Organization's investment and reserve policies, which prohibit any high-risk or speculative instruments.

The Organization follows the Fair Value Measurements and Disclosures Topic of FASB ASC 820 which requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. The standard establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The Organization has investments in mutual funds, exchange-traded funds, and U.S. Treasury bonds in this category.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Fair value is determined through the use of models or other valuation methodologies. The Organization has certificates of deposit in this category.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Organization does not have any investments in this category.

The following table presents assets measured at fair value on a recurring basis as of June 30, 2024:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury bonds	\$ 3,542,585	\$ 3,542,585	\$ -	\$ -
Exchange-traded funds	491,282	491,282	-	-
Certificates of deposit	128,995	-	128,995	-
Totals	<u>\$ 4,162,862</u>	<u>\$ 4,033,867</u>	<u>\$ 128,995</u>	<u>\$ -</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2024:

<u>Description</u>	<u>Amount</u>
Land	\$ 267,272
Construction-in-progress	203,903
Building and improvements	1,122,943
Playground and land improvements	<u>225,856</u>
Total	1,819,974
Less: accumulated depreciation	<u>(208,397)</u>
Net property and equipment	<u>\$ 1,611,577</u>

Construction-in-progress consists of capitalized costs related to the design of the future Club facility in Buena Vista, Colorado (see Notes 12 and 15).

Depreciation expense for the year ended June 30, 2024 was \$60,349.

NOTE 7 - NOTE PAYABLE

Detail of the note payable as of June 30, 2024, included the following:

<u>Description</u>	<u>Amount</u>
Note payable dated June 29, 2021, to a local bank for \$495,000; payments of \$4,732 per month including principal and interest at 2.79% for the first 84 months; interest rate is variable for balance of note and based on lesser of WSJ Prime Rate or 5.00%; final payment due June 29, 2031, to include all accrued interest and unpaid principal; secured by first deed of trust and assignment of rents on real estate located at 709 Palmer St, Salida, CO	<u>\$ 364,578</u>

Interest expense for the year ended June 30, 2024, was \$9,914.

The scheduled maturities of the note payable included:

<u>For years ending June 30th:</u>	<u>Amount</u>
2025	\$ 47,323
2026	48,660
2027	50,036
2028	51,450
2029	52,253
Thereafter	<u>114,856</u>
Total	<u>\$ 364,578</u>

NOTE 8 - BOARD-DESIGNATED NET ASSETS

As of June 30, 2024, board-designated net assets included the following:

<u>Description</u>	<u>Amount</u>
Quasi-endowment (Note 10)	\$ 500,177
Operating reserve	318,300
Building fund - Buena Vista	250,000
Long-term building repairs	30,000
Employee retention fund	14,455
Total	<u>\$ 1,112,932</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

At year end, net assets with donor restrictions restricted for purpose included:

<u>Description</u>	<u>Amount</u>
<i>Buena Vista facility - Capital campaign</i>	
Cash and cash equivalents	\$ 47,531
Investments	3,481,183
Contributions receivable	387,268
Capitalized design plans	203,903
Subtotal, Buena Vista capital campaign	<u>4,119,885</u>
<i>Salida facility - Capital campaign</i>	
Cash and cash equivalents	341,578
Contributions receivable	23,000
Subtotal, Salida capital campaign	<u>364,578</u>
Scholarships	24,000
All other	1,761
Total	<u>\$ 4,510,224</u>

At year end, net assets with donor restrictions restricted for perpetuity included:

<u>Description</u>	<u>Amount</u>
Endowment	<u>\$ 2,002</u>

NOTE 10 - ENDOWMENT

In accordance with Financial Accounting Standards Board (FASB) Statement 117, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2024, the Club's endowment fund consists of both board-designated and donor-restricted balances. The Organization's endowment fund was established in 2016, and an endowment investment and spending policy was adopted in 2018.

The Board of the Club has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment absent explicit donor stipulations to the contrary. Accordingly, the Club classifies as net assets restricted by the donor for perpetuity as the original value of gifts donated to the endowment plus the original value of any subsequent gifts made to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified as held for perpetuity is classified as net assets restricted by the donor for time, and those funds are released from restriction when appropriated for expenditure by the Club in a manner consistent with the standard of prudence prescribed by SPMIFA.

Investment Return Objectives, Risk Parameters and Strategies: The assets of the endowment are to be invested with the care, skill and diligence that a prudent person acting in the capacity of investing endowment monies would undertake. The primary objective will be total asset return, including income, appreciation and protection of principal. The Investment Committee will use these objectives in making investment decisions to accomplish the goals. The "prudent investor rule" shall be the governing policy in making investments. The Investment Committee shall establish and maintain an asset allocation to reflect and be consistent with the objectives and policies set forth herein.

Spending policy: Allowable annual spending from the endowment fund is 4% of the fund's average fair market value as of the prior three fiscal year ends. Distributions are limited to: capital needs, program support, seed money to develop new projects and programs, special one-time projects and other purposes specifically designated by donors.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of June 30, 2024.

Changes in the endowment for the year ended June 30, 2024, included:

<u>Description</u>	Without Donor Restrictions	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Board- designated</u>	<u>Time Restrictions</u>	<u>To Be Held in Perpetuity</u>	
Endowment assets, beginning of year	\$ 298,582	\$ -	\$ 2,002	\$ 300,584
Contributions	162,496	-	-	162,496
Investment income, net	39,099	-	-	39,099
Appropriations	-	-	-	-
Endowment assets, end of year	<u>\$ 500,177</u>	<u>\$ -</u>	<u>\$ 2,002</u>	<u>\$ 502,179</u>

NOTE 10 - ENDOWMENT (concluded)

The board-designated endowment fund is intended to be held for the long term. This fund does not include any monies needed for current operating or capital expenses. All endowment assets are held as a component of the Club's investments.

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, including the following:

<u>Description</u>	<u>Amount</u>
Satisfaction of purpose restrictions	
Capital improvements - Salida	\$ 52,647
Scholarships	3,000
Total	<u>\$ 55,647</u>

NOTE 12 - LEASE AGREEMENTS

Buena Vista – Club facility

The Club's Buena Vista program is currently located in a facility leased from the local school district, and during the fiscal year ended June 30, 2024, rent expense was \$5,400. The lease agreement is renewed on an annual basis, and for the period August 1, 2024, through July 31, 2025, rent expense is \$8,400.

Buena Vista - Future club facility

On January 12, 2023, the Club entered into a 99-year ground lease with the Town of Buena Vista. The leased property will be the site of a newly-constructed Club facility. The lease terms include a payment of \$10 per year, and the lease is contingent on the Club initiating construction of the facility within 36 months and completing the facility within 60 months. The facility must be used to serve the children and families of Chaffee County. The entire property will revert to the Town of Buena Vista when the lease term ends.

NOTE 13 - RETIREMENT PLAN

On January 1, 2006, the Organization established a SIMPLE IRA retirement plan for employees who are expected to make at least \$5,000 of compensation during a calendar year and also have been with the Organization for one full calendar year. The Organization contributes no less than 2% of an employee's compensation, not to exceed Internal Revenue Service limits. Each employee's account is 100% vested immediately and non-forfeitable at all times. The Board of Directors reviews the plan and determines the contribution annually. For the year ended June 30, 2024, contributions to this plan were \$6,305.

NOTE 14 - CONCENTRATIONS OF RISK

Bank

During the course of normal operations, bank balances may exceed coverage provided by the Federal Deposit Insurance Corporation (FDIC).

NOTE 14 - CONCENTRATIONS OF RISK (concluded)

Investments

The Club holds investments in a brokerage account that are subject to market value fluctuation and interest rate risk.

Receivables

As of June 30, 2024, approximately 22% of all receivables was due from one donor.

Revenues

During the year ended June 30, 2024, 21% of all revenue was contributed by one donor.

NOTE 15 - CAPITAL CAMPAIGNS

Salida Facility

During the fiscal year ended June 30, 2020, the Club initiated a capital campaign for the purposes of acquiring and renovating the Club's facility in Salida. This fundraising campaign concluded during the year ended June 30, 2023, after funding was secured. Planned building improvements funded by the capital campaign were completed over a five-year period through the fiscal year ended June 30, 2023. Financial contribution pledges and a loan to finance the acquisition and improvements remain outstanding as of June 30, 2024.

Buena Vista Facility

During the years ended June 30, 2023 and 2024, the Club was engaged in a capital campaign for the purpose of building a 22,000 square foot multi-purpose center in the Town of Buena Vista. The facility will serve as the home of the Club's program in Buena Vista, and it will be built on land leased from the Town (see Note 12). As of June 30, 2024, construction costs were estimated at \$10 million. On October 30, 2023, the Club selected a contractor for the project, and construction is expected to begin in the summer of 2025, pending sufficient financing. As of June 30, 2024, the Club has recognized approximately \$4.1 million in grants and contributions restricted specifically for the construction of the Buena Vista facility. In addition, the Board has designated an additional \$250,000 for the facility (Note 8).

The Club has been notified of other funding that is available for constructing the facility; however, these funds have not been recognized in the Club's financial statements as of June 30, 2024, due to not meeting revenue recognition criteria. During the year ended June 30, 2023, a donor pledged \$750,000 contingent upon the Club raising matching funds, and a balance of approximately \$60,000 remains on this conditional pledge as of June 30, 2024. In addition, the Town of Buena Vista was awarded \$500,000 from the State of Colorado which is restricted for the Club's facility. These funds will be recognized as revenue by the Club as conditions are met.