BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

BOYS & GIRLS CLUBS
OF CHAFFEE COUNTY

BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

CONTENTS

	Page
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, 2023, 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, 2023, 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 January 31, 2023. 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 financial statements from which it has been derived.

Taylor Roth and Company PllC

Taylor, Roth and Company, PLLC
Albuquerque, New Mexico
February 27, 2024

BOYS AND GIRLS CLUBS OF CHAFFEE COUNTY

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
Assets		
Cash and cash equivalents	$ 816,020	$ 1,995,056
Grants receivable (Note 4)	103,639	62,149
Contributions receivable, net (Note 4)	1,014,105	199,012
Prepaid expenses	18,350	-
Cash restricted to building projects	258,920	258,278
Investments (Note 5)	2,189,947	481,571
Property and equipment, net (Note 6)	1,544,381	1,375,567
Total assets	$ 5,945,362	$ 4,371,633
Liabilities and net assets		
Liabilities		
Accounts payable	$ 14,022	$ 9,863
Accrued payroll expenses	40,658	39,157
Note payable (Note 7)	406,716	451,473
Total liabilities	461,396	500,493
Net assets		
Without donor restrictions		
Undesignated	42,034	44,541
Board-designated (Note 8)	1,088,537	870,990
Net investment in property and equipment	1,004,546	924,094
	2,135,117	1,839,625
With donor restrictions (Notes 9 and 10)	3,348,849	2,031,515
Total net assets	5,483,966	3,871,140
Total liabilities and net assets	$ 5,945,362	$ 4,371,633

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and other support				
Contributions	$ 395,764	$ 1,434,982	$ 1,830,746	$ 1,378,410
Governmental grants	308,423	-	308,423	808,672
Grants	179,093	8,000	187,093	86,379
Program services	121,694	-	121,694	114,579
Investment income(loss) (Note 5)	88,461	-	88,461	(19,791)
Special events	82,007	-	82,007	93,106
Less: direct donor benefits	(39,915)	-	(39,915)	(19,803)
Other income	2,469	-	2,469	410
In-kind donations	4,216	`	4,216	11,603
Net assets released from restrictions (Note 11)	125,648	(125,648)	-	-
Total revenue and support	1,267,860	1,317,334	2,585,194	2,453,565
Expense				
Program services	633,232	-	633,232	550,715
Supporting services			-	
Management and general	170,160	-	170,160	239,329
Fund-raising	168,976	-	168,976	79,904
Total expense	972,368	-	972,368	869,948
Change in net assets	295,492	1,317,334	1,612,826	1,583,617
Net assets, beginning of year, as originally stated	1,839,625	2,031,515	3,871,140	2,362,523
Prior-period adjustment	-	-	-	(75,000)
Net assets, beginning of year, restated	1,839,625	2,031,515	3,871,140	2,287,523
Net assets, end of year	$ 2,135,117	$ 3,348,849	$ 5,483,966	$ 3,871,140

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023				2022
		Supporting Services			
	Program Services	Management and General	Fund-raising	Total	Total
Salaries	$ 377,368	$ 83,859	$ 23,895	$ 485,122	$ 420,418
Payroll taxes and benefits	65,427	14,539	2,565	82,531	79,606
Meetings, events, and travel	11,906	2,646	41,899	56,451	22,287
Depreciation	40,056	10,682	2,670	53,408	53,384
Program supplies	51,004	-	-	51,004	46,016
Professional fees	4,237	16,947	21,184	42,368	35,748
Occupancy	25,659	6,842	1,711	34,212	21,567
Dues, fees, and subscriptions	13,256	2,946	2,209	18,411	23,586
Office expenses	13,170	2,927	2,195	18,292	17,628
Interest expense	9,021	2,406	601	12,028	13,258
Insurance	8,588	2,863	-	11,451	10,159
Accounting services	-	10,500	-	10,500	6,300
Other employee-related expenses	5,249	1,166	875	7,290	6,759
Information technology	1,121	4,484	-	5,605	23,695
Advertising and promotion	482	401	723	1,606	8,473
Other expenses	6,688	6,952	3,313	16,953	27,048
Sub-total, expenses by function, before capital campaign	633,232	170,160	103,840	907,232	815,932
Capital campaigns (Note 15)					
Compensation	-	-	47,340	47,340	-
Meeting expense	-	-	20,588	20,588	29,492
Project management	-	-	19,800	19,800	31,260
Bad debt	-	-	15,500	15,500	13,067
Other campaign expense	-	-	1,823	1,823	-
Sub-total, capital campaign	-	-	105,051	105,051	73,819
Sub-total, expenses by functior	633,232	170,160	208,891	1,012,283	889,751
Less expenses included with revenues on the statement of activities					
Special event - donor benefits	-	-	(39,915)	(39,915)	(19,803)
Total	$ 633,232	$ 170,160	$ 168,976	$ 972,368	$ 869,948

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 1,612,826	$ 1,583,617
Reconciliation of change in net assets to net cash provided by operating activities		
Depreciation	53,408	53,384
Donated stock	(251,981)	(4,802)
Bad debts expense	15,500	13,067
Contributions restricted for capital projects	(1,173,001)	(1,469,412)
Realized and unrealized (gains)losses on investments	(22,815)	27,854
Changes in operating assets and liabilities		
(Increase)decrease in receivables	(872,083)	(35,550)
(Increase)decrease in prepaid expenses and other assets	(18,350)	4,347
Increase(decrease) in accounts payable and accrued payroll expenses	5,660	1,803
Net cash provided(used) by operating activities	(650,836)	174,308
Cash flows from investing activities		
(Reinvestment) of investment income	(65,646)	(8,063)
(Purchases)proceeds from investments	(1,619,915)	(496,560)
(Purchases) of property and equipment	(222,222)	(269,196)
Net cash provided(used) by investing activities	(1,907,783)	(773,819)
Cash flows from financing activities		
Collections of contributions restricted for capital projects	1,424,982	1,606,388
Net borrowings(repayments) on note payable	(44,757)	(43,527)
Net cash provided(used) by financing activities	1,380,225	1,562,861
Net increase(decrease) in cash and cash equivalents	(1,178,394)	963,350
Cash, cash equivalents, and restricted cash beginning of year	2,253,334	1,289,984
Cash, cash equivalents, and restricted cash end of year	$ 1,074,940	$ 2,253,334
Reconciliation to the statement of financial position — Cash and cash equivalents		
Cash and cash equivalents	$ 816,020	$ 1,995,056
Cash restricted to building projects	258,920	258,278
Total cash, cash equivalents, and restricted cash	$ 1,074,940	$ 2,253,334
Supplemental disclosure:		
Cash paid during the period for interest	$ 12,028	$ 13,258
Prepayment for purchase of capitalized property and equipment	$ -	$ 50,000

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, 2023

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."

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.

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 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.

   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.

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.

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.

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

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 l); 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. New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued new guidance for Leases (Topic 842). This guidance revised prior practices related to accounting for leases under Topic 840, for both lessees and lessors. Topic 842 requires that lessees recognize: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured at present value of future lease payments; and (b) a right-of-use (ROU) asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The Organization is not a lessee or lessor under this standard.

14. 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, 2022, from which the summarized information was derived.

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

15. 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.

16. Subsequent Events

Management has evaluated subsequent events through February 27, 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, 2023:

Description	Amount
Cash and cash equivalents	$ 1,074,940
Receivables, net	1,117,744
Investments	2,189,947
	4,382,631
Less amounts with donor or internal restrictions:	
Net assets with donor restrictions for time or purpose	(3,346,847)
Net assets with donor restrictions to be held for perpetuity	(2,002)
Board-designated net assets - endowment	(298,582)
Board-designated net assets - building funds	(280,000)
Board-designated net assets - employee retention fund	(32,455)
	(3,959,886)
Total financial assets available to meet general expenditures over the next 12 months	$ 422,745

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses, and as of June 30, 2023, the Board has designated an operating reserve of $477,500. 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, 2023, all grants receivable were primarily due from state governmental agencies and considered fully collectible with payment expected within 12 months of year-end. In addition, as of June 30, 2023, the Organization was the recipient of three governmental grants with unearned balances of approximately $215,000. Revenue from these conditional grants will be earned through September 2024, as services are delivered and costs are incurred.

NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE (concluded)

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, 2023, are expected as follows:

For years ending June 30:	Amount
2024	$ 777,772
2025	168,833
2026	82,500
	1,029,105
Less: Allowance for doubtful accounts	(15,000)
Contributions receivable, net	$ 1,014,105

NOTE 5 - INVESTMENTS

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

Description	Cost Basis	Fair Value	Unrealized Appreciation (Depreciation)
Certificates of deposit	$ 1,198,000	$ 1,196,750	$ (1,250)
U.S. Treasury bonds	674,546	680,164	5,618
Exchange-traded funds:			
Equities	125,405	126,467	1,062
Bonds	31,612	30,091	(1,521)
Mutual funds:			
Bonds	122,794	111,369	(11,425)
Equities	30,518	28,600	(1,918)
Accrued interest	16,506	16,506	-
Total	$ 2,199,381	$ 2,189,947	$ (9,434)

Investment returns for the year ended June 30, 2023, are summarized as follows:

Description	Amount
Interest and dividends, net of fees	$ 65,646
Unrealized and realized gains(losses)	22,815
Total	$ 88,461

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.

NOTE 5 - INVESTMENTS (concluded)

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, 2023:

Description	Total	Level 1	Level 2	Level 3
Certificates of deposit	$ 1,196,750	$ -	$ 1,196,750	$ -
U.S. Treasury bonds	680,164	680,164	-	-
Exchange-traded funds	156,558	156,558	-	-
Mutual funds	139,969	139,969	-	-
Accrued interest	16,506	16,506	-	-
Totals	$ 2,189,947.00	$ 993,197	$ 1,196,750	$ -

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2023:

Description	Amount
Land	$ 267,272
Building and improvements	1,157,559
Playground	225,955
Equipment	41,643
Total	1,692,429
Less: accumulated depreciation	(148,048)
Net property and equipment	$ 1,544,381

NOTE 6 - PROPERTY AND EQUIPMENT (concluded)

Included in *building and improvements* is $133,119 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, 2023 was $53,408.

NOTE 7 - NOTE PAYABLE

Detail of the note payable as of June 30, 2023, included the following:

Description	Amount
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	$ 406,716

The scheduled maturities of the note payable include:

For years ending June 30th:	Amount
2024	$ 46,023
2025	47,323
2026	48,660
2027	50,036
2028	51,450
Thereafter	163,224
Total	$ 406,716

NOTE 8 - BOARD-DESIGNATED NET ASSETS

As of June 30, 2023, board-designated net assets included the following:

Description	Amount
Operating reserve	$ 477,500
Quasi-endowment	298,582
Building fund - Buena Vista	250,000
Employee retention fund	32,455
Long-term building repairs	30,000
Total	$ 1,088,537

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

At year end, net assets with donor restrictions included:

Description	Amount
Restricted for purpose	
Buena Vista facility:	
Capital campaign donations	$ 2,780,027
Capitalized design plans	133,119
Salida facility improvements - debt repayment	406,701
Scholarships	27,000
Restricted for perpetuity	
Endowment	2,002
Total	$ 3,348,849

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, 2023, 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.

NOTE 10 - ENDOWMENT (concluded)

Changes in the endowment for the year ended June 30, 2023 included:

	Without Donor Restrictions	With Donor Restrictions		
Description	Board-designated	Time Restrictions	To Be Held in Perpetuity	Total
Endowment assets, beginning of year	$ 197,155	$ -	$ 2,002	$ 199,157
Contributions	73,413	-	-	73,413
Investment income, net	28,014	-	-	28,014
Endowment assets, end of year	$ 298,582	$ -	$ 2,002	$ 300,584

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.

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:

Description	Amount
Satisfaction of purpose restrictions	
Capital improvements - Salida	$ 107,648
Program supplies and activities	18,000
Total	$ 125,648

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. Rent expense is $5,400 per year. The lease is currently on a month-to-month basis.

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, 2023, contributions to this plan were $8,056.

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).

Investments
The Club holds investments in a brokerage account that are subject to market value fluctuation.

Receivables
As of June 30, 2023, approximately two-thirds of all receivables were due from four donors, with each representing 23%, 17%, 14%, and 14%, respectively.

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, 2023.

Buena Vista Facility
During the year ended June 30, 2023, 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). Construction costs are 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, 2023, the Club has recognized approximately $2.9 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, 2023, 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 $563,200 remains on this conditional pledge as of June 30, 2023. 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.