



**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023





**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of Greater Washington, Inc. and Affiliate (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Greater Washington, Inc. and Affiliate as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 Consolidated Financial Statements

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

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





Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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



Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information on pages 27 and 28 for the year ended December 31, 2023 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Calibre CPA Group, PLLC

Bethesda, MD
January 7, 2025



**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Assets		
Cash and cash equivalents	\$ 3,525,351	\$ 4,463,675
Restricted cash	230,000	230,000
Investments	8,898,384	9,091,380
Promises to give, net of allowance	5,253,106	4,336,954
Accounts receivable	583,463	471,024
Deposits and other assets	208,547	130,123
Lease asset	2,329,395	2,359,828
Beneficial interest in perpetual trusts	1,003,323	922,939
Property and equipment, net	<u>10,806,092</u>	<u>10,617,345</u>
Total assets	<u>\$ 32,837,661</u>	<u>\$ 32,623,268</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 855,444	\$ 811,567
Accrued salaries and vacation	468,451	421,679
Refundable advances - grants	75,000	366,122
Deferred revenue	-	7,550
Economic Injury Disaster Loan payable	524,725	500,000
Notes payable	<u>1,667,316</u>	<u>1,015,812</u>
Total liabilities	<u>3,590,936</u>	<u>3,122,730</u>
Commitments and contingencies (Note 15)		
Net assets		
Without donor restrictions	20,920,047	23,021,449
With donor restrictions	<u>8,326,678</u>	<u>6,479,089</u>
Total net assets	<u>29,246,725</u>	<u>29,500,538</u>
Total liabilities and net assets	<u>\$ 32,837,661</u>	<u>\$ 32,623,268</u>

See accompanying notes to consolidated financial statements.



**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Activities without donor restrictions		
Revenue and support		
Special events	\$ 2,361,453	\$ 2,418,420
Costs of direct benefits to donors	<u>(292,448)</u>	<u>(307,236)</u>
Special events, net	2,069,005	2,111,184
Contributions	4,895,088	11,370,432
Program service fees	4,195,075	3,583,992
Government grants	2,542,715	3,121,583
Rental and other income	86,313	38,945
Membership dues	96,416	4,110
Investment income (loss), net	657,495	(229,959)
Net assets released from restrictions	<u>1,318,704</u>	<u>1,842,426</u>
Total revenue and support	<u>15,860,811</u>	<u>21,842,713</u>
Expenses		
Program services		
Camps	1,677,458	209,954
Child care	2,137,555	419,908
After school	9,061,953	9,884,691
Supporting services		
Management and general	3,881,224	3,106,996
Fundraising	<u>1,204,023</u>	<u>1,118,836</u>
Total expenses	<u>17,962,213</u>	<u>14,740,385</u>
Change in net assets without donor restrictions	<u>(2,101,402)</u>	<u>7,102,328</u>
Activities with donor restrictions		
Contributions	3,117,324	4,670,772
Investment income (loss), net	48,969	(78,803)
Net assets released from restrictions	<u>(1,318,704)</u>	<u>(1,842,426)</u>
Change in net assets with donor restrictions	<u>1,847,589</u>	<u>2,749,543</u>
Change in net assets	(253,813)	9,851,871
Net assets		
Beginning of year	<u>29,500,538</u>	<u>19,648,667</u>
End of year	<u>\$ 29,246,725</u>	<u>\$ 29,500,538</u>

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	2023									
	Program Services				Supporting Services					
	BGCBW				Subtotal	Management and General		Fundraising	Subtotal	Total Expenses
	Camps	Child Care	After School	Foundation		and General	Fundraising			
Salaries	\$ 930,999	\$ 1,186,355	\$ 5,075,301	\$ -	\$ 7,192,655	\$ 2,148,890	\$ 914,044	\$ 3,062,934	\$ 10,255,589	
Employee benefits	97,748	124,559	532,871	-	755,178	225,615	95,968	321,583	1,076,761	
Payroll taxes	<u>63,680</u>	<u>81,147</u>	<u>347,924</u>	<u>-</u>	<u>492,751</u>	<u>146,985</u>	<u>62,521</u>	<u>209,506</u>	<u>702,257</u>	
Total salaries and related	1,092,427	1,392,061	5,956,096	-	8,440,584	2,521,490	1,072,533	3,594,023	12,034,607	
Professional fees	57,122	72,789	303,254	-	433,165	499,150	68,845	567,995	1,001,160	
Occupancy	172,064	219,258	913,467	-	1,304,789	362,599	-	362,599	1,667,388	
Travel	69,680	88,792	369,924	-	528,396	7,570	1,378	8,948	537,344	
Supplies	88,919	113,308	472,061	-	674,288	36,315	16,136	52,451	726,739	
Interest	12,918	16,461	68,579	-	97,958	-	-	-	97,958	
Telephone	36,339	46,306	192,918	-	275,563	262,589	35,073	297,662	573,225	
Bank and other related fees	21	27	111	-	159	2,375	-	2,375	2,534	
Training, conferences and meetings	22,243	28,344	118,086	-	168,673	38,601	7,242	45,843	214,516	
Miscellaneous	485	618	2,573	-	3,676	22,212	-	22,212	25,888	
Registration fees and trophies/awards	4,554	5,803	24,177	-	34,534	15,898	1,463	17,361	51,895	
Printing and publications	5,393	6,872	28,631	-	40,896	4,822	742	5,564	46,460	
Clothing	7,895	10,061	41,915	-	59,871	276	-	276	60,147	
Postage and shipping	5,625	7,168	29,861	-	42,654	24,449	611	25,060	67,714	
Scholarships	8,737	11,133	46,383	-	66,253	-	-	-	66,253	
Fines and penalties	-	-	-	-	-	-	-	-	-	
Depreciation	<u>93,036</u>	<u>118,554</u>	<u>493,917</u>	<u>-</u>	<u>705,507</u>	<u>82,878</u>	<u>-</u>	<u>82,878</u>	<u>788,385</u>	
Total expenses	<u>\$ 1,677,458</u>	<u>\$ 2,137,555</u>	<u>\$ 9,061,953</u>	<u>\$ -</u>	<u>\$ 12,876,966</u>	<u>\$ 3,881,224</u>	<u>\$ 1,204,023</u>	<u>\$ 5,085,247</u>	<u>\$ 17,962,213</u>	

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022								Total Expenses
	Program Services					Supporting Services			
	BGCBW					Management and General	Fundraising	Subtotal	
Camps	Child Care	After School	Foundation	Subtotal	Management and General	Fundraising	Subtotal	Total Expenses	
Salaries	\$ 112,816	\$ 225,633	\$ 5,331,494	\$ -	\$ 5,669,943	\$ 1,616,620	\$ 868,870	\$ 2,485,490	\$ 8,155,433
Employee benefits	10,153	20,307	477,213	-	507,673	145,496	78,198	223,694	731,367
Payroll taxes	8,495	16,990	399,269	-	424,754	54,565	57,472	112,037	536,791
Total salaries and related	131,464	262,930	6,207,976	-	6,602,370	1,816,681	1,004,540	2,821,221	9,423,591
Professional fees	5,995	11,989	281,745	-	299,729	359,020	3,424	362,444	662,173
Occupancy	25,220	50,440	1,185,333	-	1,260,993	432,180	-	432,180	1,693,173
Travel	5,456	10,911	256,416	-	272,783	6,119	1,133	7,252	280,035
Supplies	11,051	22,102	519,407	-	552,560	40,452	3,406	43,858	596,418
Interest	835	1,670	26,995	-	29,500	-	-	-	29,500
Telephone	5,929	11,859	278,681	-	296,469	211,946	8	211,954	508,423
Bank and other related fees	1,030	2,059	48,387	-	51,476	80,994	2,407	83,401	134,877
Training, conferences and meetings	1,852	3,704	87,033	-	92,589	9,828	1,188	11,016	103,605
Miscellaneous	4,505	9,010	211,720	-	225,235	592	73,022	73,614	298,849
Registration fees and trophies/awards	540	1,079	25,367	-	26,986	53,421	2,724	56,145	83,131
Printing and publications	468	936	21,985	-	23,389	2,992	25,117	28,109	51,498
Clothing	985	1,970	46,288	-	49,243	-	1,290	1,290	50,533
Postage and shipping	135	270	6,358	-	6,763	2,345	577	2,922	9,685
Scholarships	314	628	14,758	-	15,700	-	-	-	15,700
Fines and penalties	14	28	656	-	698	6,000	-	6,000	6,698
Depreciation	14,161	28,323	665,586	-	708,070	84,426	-	84,426	792,496
Total expenses	<u>\$ 209,954</u>	<u>\$ 419,908</u>	<u>\$ 9,884,691</u>	<u>\$ -</u>	<u>\$ 10,514,553</u>	<u>\$ 3,106,996</u>	<u>\$ 1,118,836</u>	<u>\$ 4,225,832</u>	<u>\$ 14,740,385</u>

See accompanying notes to consolidated financial statements.



**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (253,813)	\$ 9,851,871
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Realized and unrealized gain on investments	(388,069)	377,644
Amortization of lease asset	30,433	30,432
Depreciation	788,385	792,497
Donated property and equipment	-	(947,320)
Donated stocks	(1,000,000)	-
Beneficial interest in perpetual trusts	(80,384)	258,190
Changes in net assets and liabilities		
(Increase) decrease in		
Promises to give	(916,152)	(3,027,215)
Receivables	(112,439)	(160,140)
Deposits and other assets	(78,424)	(12,546)
Increase (decrease) in		
Accounts payable	43,877	419,723
Accrued salaries and vacation	46,772	(158,799)
Refundable advances - grants	(291,122)	(305,425)
Refundable advance - PPP loan	-	(1,320,600)
Deferred revenue	(7,550)	(42,450)
Net cash provided by (used in) operating activities	(2,218,486)	5,755,862
Cash flows from investing activities		
Purchases of investments	(41,102)	(7,443,404)
Sales of investments	1,622,167	-
Purchases of property and equipment	(977,132)	(240,023)
Net cash used in (provided by) investing activities	603,933	(7,683,427)
Cash flows from financing activities		
Proceeds from economic injury disaster loan	24,725	-
Drawdown from line of credit	830,000	-
Principal payments on notes payable	(178,496)	(203,069)
Net cash provided by (used in) financing activities	676,229	(203,069)

See accompanying notes to consolidated financial statements.



**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Net change in cash, cash equivalents and restricted cash	\$ (938,324)	\$ (2,130,634)
Cash, cash equivalents and restricted cash		
Beginning of year	4,693,675	5,458,413
Cash and cash equivalents	3,525,351	4,463,675
Restricted cash	230,000	230,000
End of year	\$ 3,755,351	\$ 4,693,675
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 97,957	\$ 29,501
Donated property and equipment	\$ -	\$ 947,320
Donated stocks	\$ 1,000,000	\$ -

See accompanying notes to consolidated financial statements.



**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Boys & Girls Clubs of Greater Washington, Inc. and Affiliate (collectively, the Organization) is comprised of two entities: Boys & Girls Clubs of Greater Washington, Inc. (BGCGW) and Boys & Girls Clubs of Greater Washington Foundation (Foundation). BGCGW is a District of Columbia nonprofit organization, incorporated in 1886, which is committed to helping youth of all backgrounds, with emphasis on at-risk youth, to develop the qualities needed to become productive, civic-minded and responsible citizens and leaders.

The Foundation is a District of Columbia nonprofit organization, incorporated in 1945, which is devoted to the promotion and support of BGCGW and its various individual clubs.

Clubs: BGCGW provides services at various sites in the following Washington, D.C. metropolitan areas.

<u>District of Columbia</u>	<u>Maryland</u>	<u>Virginia</u>	<u>Total</u>
5	20	8	33

Program Services: The Organization provides programming to youth in three settings: childcare, camps, and after school. The following five core developmental areas are included in each of the three program service area settings.

Education and Career Development: A top priority in all clubs, programs in this core area help members succeed in school and apply their knowledge and skills to daily challenges. Through activities that are educational and engaging, club members gain the strength they need to achieve their goals.

Character and Leadership Development: Empowering youth to become leaders, the Organization provides opportunities for members to sustain meaningful relationships, develop a positive self-image, participate in the democratic process, and respect their own and others' cultural identities.

The Arts: Youth who are engaged in arts programs do better in school and in their personal lives. Participation in the Arts promotes self-expression and young people gain the confidence, self-esteem, and motivation needed to reach their full potential.



NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

Health and Life Skills: Today's youth face overwhelming obstacles that affect their health and well-being. The Organization gives them the tools and the strength to engage in positive behaviors and good decision-making. Programs focus on building self-esteem, and deal with drug and violence prevention, teen pregnancy and disease prevention, fitness and wellness. The Organization helps club members set personal goals and establish a foundation to live as self-sufficient, healthy and wise adults.

Sports, Fitness and Recreation: The Organization sports programming gives members a way to channel their energy and enjoy opportunities to play in a safe environment. Through sports, children learn teamwork, leadership and responsibility. They experience the rewards of hard work, develop a love for sports and exercise and learn the benefits of friendly competition. Through recreational games, youth elevate their self-esteem and learn the importance of balancing serious and fun activities. Field trips and specialty programs provide members with opportunities to try something entirely new or different, or to gain more experiences in a specific area.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of BGCGW and the Foundation. All significant intercompany balances and transactions have been eliminated in the consolidation.

Consolidated Financial Statement Presentation: Consolidated financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Organization is limited by donor-imposed time or purpose restrictions that may be either temporary or perpetual.

Cash and Cash Equivalents: The Organization considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash and cash equivalents. Cash and cash equivalents held in investment portfolios are classified as investments.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash: Restricted cash relates to the lending bank's requirement for the notes payable that the Organization maintain a segregated cash account in the amount of \$230,000 at both December 31, 2023 and 2022, in accordance with the terms of the notes payable agreements.

Financial Risk: The Organization maintains cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant financial risk on cash.

The Organization invests in a professionally managed portfolio that contains money market funds, common stocks and mutual funds. Such investments are exposed to various risk, such as market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Investments: Investments in marketable equity and debt securities are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is recorded as a component of investment income or loss in the consolidated statements of activities.

Receivables: Receivables are carried at original invoice or claim amounts, less an estimate made for credit losses based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for credit losses by identifying troubled accounts and using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management believes receivables are fully collectible and thus has not recorded an allowance for credit losses for the years ended December 31, 2023 and 2022.

Promises to Give: Contributions are recognized when the donor makes a gift or written promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Management believes promises to give are fully collectible and thus has not recorded an allowance for doubtful receivables for the years ended December 31, 2023 and 2022.

Beneficial Interest in a Perpetual Trust: Irrevocable trusts held by third parties are recorded as donor restricted support in the year the assets are placed in trust, or the Organization is made aware of its existence. Annual distributions from the trust are recorded as investment income as a component of net assets without donor restrictions. The change in balance from year to year is recorded as a component of net assets with donor restrictions.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment: Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, ranging from 3 to 50 years. Normal repairs and maintenance are expensed as incurred. The Organization capitalizes all property and equipment purchased with a cost of \$3,000 or more.

Valuation of Long-Lived Assets: The Organization accounts for the subsequent measurement of certain long-lived assets in accordance with subsections of the FASB ASC Topic, *Property, Plant and Equipment*, that address impairment or disposal of long-lived assets. The accounting standard requires that property, plant and equipment, and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Revenue Recognition: Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. All services are transferred at a point in time. Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized.

Contributions: Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Contribution revenue is recorded as increases in net assets without donor restrictions, unless their use is limited by time or donor-imposed restrictions. Contributions received and spent in the same year are included as net assets without donor restrictions.

Conditional contributions, which can include certain government and foundation grants, are recognized when donor-imposed conditions are met. These revenues are subject to right of return if funds are not spent and also have barriers that must be met in order to be entitled to the funds. Most conditional grants are recognized as qualifying expenditures are incurred. Accordingly, amounts received, but not yet recognized as revenue, are classified as refundable advance in the consolidated statements of financial position. There are \$75,000 and \$366,122 of additional revenues to be earned on various conditional grants as of December 31, 2023 and 2022, respectively.

Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Generally, it is BGCGW's policy to liquidate donated securities immediately.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Exchange Transactions: The Organization's revenue streams from contracts with customers are comprised of special event revenue and program service fees. All of the Organization's revenue under contracts with customers is earned in the United States and the customers consist of the families of child members. The Organization's revenue is recognized when a given performance obligation is satisfied at a point in time when the service is provided. Deferred revenue represents fees collected in advance for services to be provided in the next fiscal year.

Contract Balances: The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent it is probable that the Organization will collect substantially all of the consideration to which the Organization is entitled in exchange for the goods or services that will be or have been transferred. The Organization did not have any contract assets at December 31, 2023 and 2022. Contract liabilities consist entirely of deferred revenue that results when the Organization receives advance payments from its customers before revenue is recognized. Balances in these accounts as of the beginning and end of the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred revenue			
Special event	\$ <u>-</u>	\$ <u>7,550</u>	\$ <u>50,000</u>

Special Event Revenue: Revenue and support from special events are typically comprised of two parts: an exchange component (for value received) and a non-exchange component (contribution). The exchange component is recognized at the time goods and/or services are provided. The contribution component is recognized consistent with the Organization's revenue policy for contribution income. Typically, the non-exchange component is determined to be conditional support and recognized as conditions are met associated with the special event.

Costs of Direct Benefits to Donors: Costs of direct benefits to donors include: (1) the venue, entertainment, and refreshments provided to participants at major fund-raising dinners and (2) the refreshments or other items provided to participants at other fund-raising events.

Functional Allocation of Expense: The costs of providing program and supporting services activities have been summarized on a functional basis in the consolidated financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited. Costs related to a specific functional entity are charged directly to that activity. However, other management and general costs are allocated among the program and supporting services benefits based on management's best estimates. In particular, employee benefits are allocated based on employee time and effort. Occupancy costs are allocated based on the percentage of square footage for the respective sites.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates: The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement Adopted: During the year ended December 31, 2023, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326). This ASU replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The ASU requires nonprofit entities to immediately recognize the estimated expected credit losses over the life of a financial instrument, including trade receivables, membership dues, and service fees receivables. The estimate of expected credit losses considers not only historical information, but also current and future economic conditions and events. The Organization adopted the ASU effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in additional disclosures.

NOTE 3. TAX STATUS

BGCGW and the Foundation are both tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) and are not considered to be a private foundation. Both entities are exempt from federal taxes on income other than unrelated business income. The Organization did not have any net unrelated business income for the years ended December 31, 2023 and 2022.

The Organization follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

The Organization files income tax returns in the U.S. federal jurisdiction. As of December 31, 2023 and 2022, there were no material unrecognized/derecognized tax benefits or tax penalties or interest. Generally, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2020.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,755,351	\$ 4,693,675
Investments	8,898,384	9,091,380
Promises to give, net	5,253,106	4,336,954
Accounts receivable	<u>583,463</u>	<u>471,024</u>
Total financial assets available	<u>18,490,304</u>	<u>18,593,033</u>
Donor restricted net assets not available within one year		
Restricted cash	230,000	230,000
Grants receivable in more than one year	2,774,955	3,128,186
Refundable advances - grants	75,000	366,122
Deferred compensation investments	123,350	82,248
Net assets with donor restrictions	<u>8,326,678</u>	<u>6,479,089</u>
	<u>11,529,983</u>	<u>10,285,645</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,960,321</u>	<u>\$ 8,307,388</u>

NOTE 5. PROMISES TO GIVE

The Organization records promises to give that are expected to be collected within one year at net realizable value. Promises to give as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Amount due within one year	\$ 2,675,259	\$ 1,437,977
Amount due between one and five years	<u>2,774,955</u>	<u>3,128,186</u>
	5,450,214	4,566,163
Less: discount to net present value	<u>(197,108)</u>	<u>(229,209)</u>
	<u>\$ 5,253,106</u>	<u>\$ 4,336,954</u>

Amounts due in excess of one year have been discounted to present value using a discount rate of 3.88% as of December 31, 2023 and 2022.



NOTE 6. FAIR VALUE MEASUREMENTS

Accounting standards provide the framework for measuring fair value which 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 (Level 1) and the lowest priority to unobservable inputs (Level 3). 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 Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include other significant observable inputs including:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

Following are the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at December 31, 2023 and 2022:

Mutual funds and common stocks - Investments valued using Level 1 inputs include mutual funds and common stocks, the values for which were based on quoted prices for identical assets in active markets.

Deferred compensation liability - Is based on observable inputs of the related assets and is, therefore, considered a Level 2 item.

Beneficial interest in perpetual trusts is considered a Level 3 item which is measured at fair value on a recurring basis using significant unobservable inputs. The trust payments are based on a percentage of the fair value of the trust assets. The only activity impacting the Level 3 items during the years ended December 31, 2023 and 2022, was the initial recording of a beneficial interest in two perpetual trusts. The value of the recording is based on the holdings of the trust multiplied by the Organization's beneficial share (percentage) of the trust.

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of December 31, 2023 and 2022:

	2023 Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - equities	\$ 123,350	\$ 123,350	\$ -	\$ -
Mutual funds - fixed income	647,585	647,585	-	-
Common stock	<u>2,575,473</u>	<u>2,575,473</u>	-	-
	3,346,408	<u>\$ 2,397,904</u>	<u>\$ -</u>	<u>\$ -</u>
Investments, at cost*				
Cash and cash equivalents	<u>5,551,976</u>			
	<u>\$ 8,898,384</u>			
Beneficial interest in perpetual trusts	<u>\$ 1,003,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,003,323</u>
Liabilities at fair value				
Deferred compensation	<u>\$ 123,350</u>	<u>\$ -</u>	<u>\$ 123,350</u>	<u>\$ -</u>
	2022 Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - equities	\$ 99,450	\$ 99,450	\$ -	\$ -
Mutual funds - fixed income	1,601,257	1,601,257	-	-
Common stock	<u>2,039,251</u>	<u>2,039,251</u>	-	-
	3,739,958	<u>\$ 2,397,904</u>	<u>\$ -</u>	<u>\$ -</u>
Investments, at cost*				
Cash and cash equivalents	<u>5,351,422</u>			
	<u>\$ 9,091,380</u>			
Beneficial interest in perpetual trusts	<u>\$ 922,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 922,939</u>
Liabilities at fair value				
Deferred compensation	<u>\$ 82,248</u>	<u>\$ -</u>	<u>\$ 82,248</u>	<u>\$ -</u>

* Investments recorded at cost include cash and cash equivalents. Investments recorded at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.



NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

Investment income consisted of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Realized and unrealized gain	\$ 388,069	\$ (377,644)
Interest and dividends	362,987	56,714
Investment fees	<u>(60,491)</u>	<u>(6,964)</u>
	<u>\$ 690,565</u>	<u>\$ (327,894)</u>

NOTE 7. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, members of the Board of Directors collectively supported the Organization in the approximate amount of \$582,000 and \$50,000, respectively. Approximately \$417,941 of this total was included in promises to give at December 31, 2023.

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 416,851	\$ 416,851
Buildings	21,669,362	20,731,029
Furniture, fixtures and equipment	1,532,681	1,532,681
Automotive equipment	859,428	859,428
Construction in progress	<u>48,074</u>	<u>9,275</u>
	24,526,396	23,549,264
Less: accumulated depreciation	<u>(13,720,304)</u>	<u>(12,931,919)</u>
	<u>\$ 10,806,092</u>	<u>\$ 10,617,345</u>

NOTE 9. ECONOMIC INJURY DISASTER LOAN

Due to the economic uncertainty created by the COVID-19 pandemic, the Organization also secured an Economic Injury Disaster Loan on April 19, 2020, administered by the Small Business Administration. The full value of the loan is \$500,000 and accrues interest at the rate of 2.75% per annum. Monthly installment payments will begin 30 months from initial date of the promissory note and will continue until maturity of the note on April 19, 2050.



NOTE 10. NOTES PAYABLE

Hylton: BGCGW has a loan secured by a deed of trust on the improvements made at the Hylton club facility located in Woodbridge, Virginia. The maturity date of the note was to be June 2019. The loan called for monthly payments of principal and interest, at a rate of 4.99%. In addition, the agreement required that BGCGW establish a Payment Reserve Account totaling \$230,000 and stipulated that BGCGW may not access the cash in the account during the term of the note payable. The loan had a balance of \$765,436 at December 31, 2018. On April 22, 2019, the loan was modified which extended the due date to April 17, 2021. The loan had a principal balance of \$747,589 on the modification date. The loan modification maintained the interest rate at 4.99% and called for 24 monthly fixed payments of \$10,446 and one final payment for the balance of the obligation. In December 2020, the loan was modified which extended the due date to August 31, 2021. The loan had a principal balance of \$623,702 on the modification date. The loan modification decreased the interest rate to 3.45% and called for eight monthly fixed payments of \$8,379 and one final payment for the balance of the obligation. In September 2021, the loan was modified which extended the due date to October 31, 2027. The loan had a principal balance of \$554,313 on the modification date. The loan modification increased the interest rate to 4% and calls for 74 monthly fixed payments of \$8,473. The outstanding balance at December 31, 2023 and 2022 was \$366,043 and \$444,075, respectively.

Martin K. Alloy Club of Manassas: BGCGW has a loan which is secured by a deed of trust on the improvements made at the Martin K. Alloy Club of Manassas facility located in Manassas, Virginia. The maturity date of the note was to be March 2019. Payments of principal and interest, at a rate of 5.04%, were due monthly. On March 6, 2019, the loan was modified which extended the due date to June 2, 2019. On April 22, 2019, the loan was modified which extended the due date to April 17, 2021. The loan had a principal balance of \$934,168 on the modification date. The loan modification maintained the interest rate at 5.04% and called for 24 monthly fixed payments of \$11,669 and one final payment for the balance of the obligation. In December 2020, the loan was modified which extended the due date to August 31, 2021. The loan had a principal balance of \$798,977 on the modification date. The loan modification decreased the interest rate to 3.45% and called for eight monthly fixed payments of \$10,774 and one final payment for the balance of the obligation. In September 2021, the loan was modified which extended the due date to October 31, 2027. The loan had a principal balance of \$713,667 on the modification date. The loan modification increased the interest rate to 4% and calls for 74 monthly fixed payments of \$10,908. The outstanding balance at December 31, 2023 and 2021 was \$471,273 and \$571,737, respectively.

Both modified loans have a prepayment fee of 2% of the principal prepayment if made between September 2021 and September 2024, and a 1% fee if paid off between September 2025 and September 2027. There were no prepayments made in 2023 and 2022.

Guarantee of Notes Payable: As a part of previous loan modifications, the Foundation signed an agreement with the lending bank to guarantee the notes payable.

NOTE 10. NOTES PAYABLE (CONTINUED)

Covenants: The terms of both notes originally required compliance with certain financial and non-financial covenants, as stipulated in the loan documents. The April 2019 loan modifications suspended compliance with the financial covenants but still requires the Organization to provide such information to the bank as scheduled.

Including all 2021 note amendments, future maturities of principal on the notes payable are as follows:

Year Ending December 31,	<u>Hylton</u>	<u>Manassas</u>	<u>Total</u>
2024	\$ 88,724	\$ 114,231	\$ 202,955
2025	92,431	119,003	211,434
2026	96,250	123,919	220,169
2027	<u>88,638</u>	<u>114,120</u>	<u>202,758</u>
	<u>\$ 366,043</u>	<u>\$ 471,273</u>	<u>\$ 837,316</u>

On July 18, 2023, the Organization entered into a line of credit demand loan with Truist Bank in the amount of \$1,000,000. Borrowings under this line of credit bear interest at 2.30% less the Lenders' Prime Rate. Borrowings under the line are collateralized by a money market account of the Organization in the custody of the lender. As of December 31, 2023 and 2022, outstanding balance on the line of credit was \$830,000 and \$-0-, respectively.

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
BGCGW		
Purpose	\$ 1,125,992	\$ 623,256
Time	5,535,500	4,320,000
Perpetual	<u>1,003,323</u>	<u>922,939</u>
Subtotal BGCGW	<u>7,664,815</u>	<u>5,866,195</u>
Foundation		
Endowment funds	554,047	513,055
Purpose (non-endowment)	<u>107,816</u>	<u>99,839</u>
Subtotal Foundation	<u>661,863</u>	<u>612,894</u>
	<u>\$ 8,326,678</u>	<u>\$ 6,479,089</u>



NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions are released from restriction when specified purposes have been fulfilled or when time restrictions expire. Net assets released from restriction consisted of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
BGCGW		
Purpose	\$ 454,704	\$ 1,009,843
Time	<u>864,000</u>	<u>832,583</u>
Subtotal BGCGW	<u>1,318,704</u>	<u>1,842,426</u>
Foundation		
Purpose (non-endowment)	<u>-</u>	<u>-</u>
Subtotal Foundation	<u>-</u>	<u>-</u>
	<u>\$ 1,318,704</u>	<u>\$ 1,842,426</u>

NOTE 12. ENDOWMENTS

The Foundation's endowments include several traditional donor-restricted endowment funds, which are classified within net assets with donor restrictions. Donor-restricted net assets are required by donor stipulation to be maintained in perpetuity by the Foundation and, in some instances, the donors of these funds have restricted the income for specific uses, and these are considered purpose restricted. Certain other endowment contributions were received from various sources without restrictions as to the use of income and these are considered time restricted until appropriated for use by the Board of Directors.

Interpretation of Relevant Law: The Board of Directors has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act of 2007 (DCUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Earnings on endowment funds are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by DCUPMIFA.

Return Objectives and Risk Parameters: The Foundation's Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to produce returns higher than specified market indices while assuming a moderate level of risk.

NOTE 12. ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation has a policy of appropriating for distribution each year certain amounts as approved by its Board of Directors in the budget. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor originally contributed as an endowment fund to the Foundation. The Foundation had no funds with deficiencies for the years ended December 31, 2023 and 2022.

Endowment net assets by donor-restricted fund consist of the following at December 31, 2023:

	2023		
	Corpus	Appreciation	Total
Purpose restricted			
Harry F. Duncan Foundation, Inc.	\$ 50,000	\$ 138,468	\$ 188,468
Henry Parsons Erwin Scholarship Fund	11,000	23,818	34,818
Sidney L. Hechinger Scholarship Fund	<u>2,885</u>	<u>6,597</u>	<u>9,482</u>
	<u>63,885</u>	<u>168,883</u>	<u>232,768</u>
Time restricted			
F. Elwood Davis Fund	89,406	68,718	158,124
Harry F. Duncan Foundation, Inc.	50,000	59,658	109,658
William R. Winslow Trust	22,000	26,250	48,250
Franklin Marsh Fund	1,744	2,081	3,825
Ernest E. Norris Fund	<u>648</u>	<u>774</u>	<u>1,422</u>
	<u>163,798</u>	<u>157,481</u>	<u>321,279</u>
	<u>\$ 227,683</u>	<u>\$ 326,364</u>	<u>\$ 554,047</u>

NOTE 12. ENDOWMENTS (CONTINUED)

Endowment net assets by donor-restricted fund consist of the following at December 31, 2022:

	2022		
	<u>Corpus</u>	<u>Appreciation</u>	<u>Total</u>
Purpose restricted			
Harry F. Duncan Foundation, Inc.	\$ 50,000	\$ 124,524	\$ 174,524
Henry Parsons Erwin Scholarship Fund	11,000	21,242	32,242
Sidney L. Hechinger Scholarship Fund	<u>2,885</u>	<u>5,895</u>	<u>8,780</u>
	<u>63,885</u>	<u>151,661</u>	<u>215,546</u>
Time restricted			
F. Elwood Davis Fund	89,406	57,019	146,425
Harry F. Duncan Foundation, Inc.	50,000	51,545	101,545
William R. Winslow Trust	22,000	22,680	44,680
Franklin Marsh Fund	1,744	1,798	3,542
Ernest E. Norris Fund	<u>648</u>	<u>669</u>	<u>1,317</u>
	<u>163,798</u>	<u>133,711</u>	<u>297,509</u>
	<u>\$ 227,683</u>	<u>\$ 285,372</u>	<u>\$ 513,055</u>

Changes in endowment net assets consisted of the following for the years ended December 31, 2023 and 2022:

	<u>Corpus</u>	<u>Appreciation</u>	<u>Total</u>
December 31, 2021	\$ 227,683	\$ 352,484	\$ 580,167
Investment return	-	(67,112)	(67,112)
Appropriations	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022	227,683	285,372	513,055
Investment return	-	40,992	40,992
Appropriations	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2023	<u>\$ 227,683</u>	<u>\$ 326,364</u>	<u>\$ 554,047</u>

NOTE 13. IN-KIND CONTRIBUTIONS

Recorded Amounts: Donated services are recognized as contributions and expensed in accordance with U.S. GAAP, if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated goods are recorded at the estimated fair value of the goods provided to the Organization. Donated long-lived assets are recognized as contributions and capitalized within property and equipment.



NOTE 13. IN-KIND CONTRIBUTIONS (CONTINUED)

Unrecorded Amounts: The Organization uses certain club facilities on a rent-free basis. Management has determined that no objective basis is available to measure the fair value of the rental of such facilities. Thus, an amount for donated facilities has not been recorded.

The Organization receives donated services from the District of Columbia Metropolitan Police Department in the form of police officers acting as program staff at a number of the Organization's D.C. club facilities. Although such services are important to the mission of the Organization, the services donated by the police officers do not require specialized skills as defined by U.S. GAAP and are, therefore, not recorded in the consolidated financial statements.

The Organization relies on contributions of both time and expertise from its pool of adult volunteers. In particular, volunteers work on the Organization's programs and fund-raising activities. The Organization's volunteers donate many hours of service, the total value of which cannot be easily calculated or estimated, yet these volunteers contribute significantly to the work, impact and success of the Organization. These volunteer services have not been reflected in the accompanying consolidated financial statements because the volunteer services provided do not meet the criteria necessary for recognition.

NOTE 14. RETIREMENT PLANS

BGCGW has adopted the Boys & Girls Club of America Master Pension Plan and Trust Standardized Plan (the Plan). The Plan is a defined contribution savings plan for employees who meet age and length of service requirements. BGCGW contributes 5% of eligible employees' salaries to the Plan. The balances vest over 3 years, and employees do not contribute to the Plan. The assets of the Plan are held in a trust for the benefit of participants and are not included in the consolidated financial statements.

BGCGW also maintains a 403(b) elective retirement plan, which covers all eligible employees. The Plan is entirely employee funded through elective deferrals. The assets of the Plan are held in a trust for the benefit of participants and are not included in the consolidated financial statements.

The Organization has a 457(b) deferred compensation plan agreement for benefit of the Chief Executive Officer. The Organization contributes a percentage of the Chief Executive Officer's annual salary, or a fixed amount as defined in the agreement. The Organization contributed \$-0- during both the years ended December 31, 2023 and 2022, to the Chief Executive Officer's deferred compensation plan. The cumulative contributions with the related investment income for the Chief Executive Officer's deferred compensation plan totaling \$123,350 is reported as a liability in the accompanying statements of consolidated financial position within accrued salaries and vacation. The Organization has also established a 457(f) deferred compensation plan agreement, but it is dormant with no outstanding balance at both December 31, 2023 and 2022.



NOTE 14. RETIREMENT PLANS (CONTINUED)

In April 2021, BGCGW established a new 401 (k) plan to replace the aforementioned defined contribution plans. Employees are eligible to participate after year of service if 21 years of age or older. Discretionary contributions are made to the 401 (k) plan by BGCGW, which are 100% vested after 3 years of service.

BGCGW's contributions to the plans totaled \$327,531 and \$163,285 for the years ended December 31, 2023 and 2022, respectively.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Leases: BGCGW leases club space within the Town Hall Entertainment Arts Recreation Center (the ARC) in Washington, D.C. The lease expires in 2101 and the lease agreement stipulates that the landlord will maintain and care for the property over the term of the lease. At the beginning of the lease, BGCGW prepaid the total rent due in accordance with the term of the lease. As a result, no future minimum lease payments are required under the terms of the lease. Prepaid rent of \$2,329,395 and \$2,359,828 at December 31, 2023 and 2022, respectively, has been recorded to reflect the future benefit over the term of the lease.

BGCGW also leases other facilities on short-term lease agreements. Rent expense for all leases totaled \$299,457 and \$283,206 for the years ended December 31, 2023 and 2022, respectively.

Government Grants: Amounts received or receivable from government agencies under various grants are subject to audit and adjustment by the government agencies. The amount of expenditures which may be potentially disallowed cannot be determined at this time, and management expects such amounts, if any, to be immaterial.

Litigation: On occasion, BGCGW may be named as a defendant in a lawsuit resulting from activities related to its normal operations. In the opinion of management, resolution of such matters will not have a material adverse effect on the consolidated financial statements of the Organization.

Geographic Diversity: BGCGW operates programs and facilities in the District of Columbia, Maryland and Virginia. The geographic diversity of BGCGW's operations is impacted by certain localized events, such as economic hardship or changes in population demographics that may occur faster than BGCGW can adapt to such conditions.

NOTE 16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 7, 2025, which is the date the consolidated financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying consolidated financial statements.



SUPPLEMENTAL INFORMATION





**BOYS & GIRLS CLUBS OF
GREATER WASHINGTON, INC. AND
AFFILIATE**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

	<u>BGCGW</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Assets				
Cash and cash equivalents	\$ 1,955,292	\$ 1,570,059	\$ -	\$ 3,525,351
Restricted cash	230,000	-	-	230,000
Investments	175,219	8,723,165	-	8,898,384
Promises to give, net	5,803,106	-	(550,000)	5,253,106
Accounts receivable	583,463	-	-	583,463
Deposits and other assets	208,547	-	-	208,547
Lease asset	2,329,395	-	-	2,329,395
Beneficial interest in perpetual trusts	1,003,323	-	-	1,003,323
Property and equipment, net	<u>10,806,092</u>	<u>-</u>	<u>-</u>	<u>10,806,092</u>
Total assets	<u>\$ 23,094,437</u>	<u>\$ 10,293,224</u>	<u>\$ (550,000)</u>	<u>\$ 32,837,661</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 855,444	\$ 550,000	\$ (550,000)	\$ 855,444
Accrued salaries and vacation	468,451	-	-	468,451
Refundable advances - grants	75,000	-	-	75,000
Refundable advance - PPP loan	-	-	-	-
Deferred revenue	-	-	-	-
Economic Injury Disaster Loan payable	524,725	-	-	524,725
Notes payable	<u>1,667,316</u>	<u>-</u>	<u>-</u>	<u>1,667,316</u>
Total liabilities	<u>3,590,936</u>	<u>550,000</u>	<u>(550,000)</u>	<u>3,590,936</u>
Net assets				
Without donor restrictions	11,838,686	9,081,361	-	20,920,047
With donor restrictions	<u>7,664,815</u>	<u>661,863</u>	<u>-</u>	<u>8,326,678</u>
Total net assets	<u>19,503,501</u>	<u>9,743,224</u>	<u>-</u>	<u>29,246,725</u>
Total liabilities and net assets	<u>\$ 23,094,437</u>	<u>\$ 10,293,224</u>	<u>\$ (550,000)</u>	<u>\$ 32,837,661</u>



BOYS & GIRLS CLUBS OF GREATER WASHINGTON, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

DECEMBER 31, 2023

	BGGCW	Foundation	Eliminations	Total
Activities without donor restrictions				
Revenue and support				
Special events	\$ 2,361,453	\$ -	\$ -	\$ 2,361,453
Costs of direct benefits to donors	<u>(292,448)</u>	<u>-</u>	<u>-</u>	<u>(292,448)</u>
Special events, net	2,069,005	-	-	2,069,005
Contributions	5,455,088	-	(560,000)	4,895,088
Program service fees	4,195,075	-	-	4,195,075
Government grants	2,542,715	-	-	2,542,715
Rental and other income	86,313	-	-	86,313
Membership dues	96,416	-	-	96,416
Investment income, net	8,889	648,606	-	657,495
Net assets released from restrictions	<u>1,318,704</u>	<u>-</u>	<u>-</u>	<u>1,318,704</u>
Total revenue and support	<u>15,772,205</u>	<u>648,606</u>	<u>(560,000)</u>	<u>15,860,811</u>
Expenses				
Program services				
Camps	1,677,458	-	-	1,677,458
Child care	2,137,555	-	-	2,137,555
After school	9,061,953	-	-	9,061,953
Supporting services				
Management and general	3,881,224	560,000	(560,000)	3,881,224
Fundraising	<u>1,204,023</u>	<u>-</u>	<u>-</u>	<u>1,204,023</u>
Total expenses	<u>17,962,213</u>	<u>560,000</u>	<u>(560,000)</u>	<u>17,962,213</u>
Change in net assets without donor restrictions	<u>(2,190,008)</u>	<u>88,606</u>	<u>-</u>	<u>(2,101,402)</u>
Activities with donor restrictions				
Contributions	3,117,324	-	-	3,117,324
Investment income, net	-	48,969	-	48,969
Net assets released from restrictions	<u>(1,318,704)</u>	<u>-</u>	<u>-</u>	<u>(1,318,704)</u>
Change in net assets with donor restrictions	<u>1,798,620</u>	<u>48,969</u>	<u>-</u>	<u>1,847,589</u>
Change in net assets	(391,388)	137,575	-	(253,813)
Net assets				
Beginning of year	<u>28,284,889</u>	<u>9,605,650</u>	<u>-</u>	<u>37,890,539</u>
End of year	<u>\$ 27,893,501</u>	<u>\$ 9,743,225</u>	<u>\$ -</u>	<u>\$ 37,636,726</u>