

**BOYS & GIRLS CLUB OF BURBANK  
AND GREATER EAST VALLEY, INC.**

Financial Statements and  
Independent Auditor's Report

June 30, 2024 and 2023

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## Independent Auditor's Report

To the Board of Directors of  
Boys & Girls Club of Burbank and Greater East Valley, Inc.

### *Opinion*

We have audited the accompanying financial statements of Boys & Girls Club of Burbank and Greater East Valley, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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 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 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations 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.

*JLK Rosenberger, LLP*

Glendale, California

February 14, 2025

**BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.**

Statements of Financial Position  
As of June 30, 2024 and 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,532,337	\$ 548,186
Current portion of debt securities	295,444	-
Promises to give, net of allowance for uncollectible promises of \$0 and \$12,872	1,018,842	850,665
Receivable for program services, net of allowance for credit losses of \$9,624 and \$9,210	615,575	451,742
Accrued investment income	13,483	-
Refund receivable - ERC	-	608,431
Prepaid expenses and other assets	27,352	47,585
Total current assets	<u>4,503,033</u>	<u>2,506,609</u>
Debt securities, less current portion	1,440,970	-
Property and equipment, net	5,862,228	6,078,119
Beneficial interest in endowment fund	67,267	61,609
Total assets	<u>\$ 11,873,498</u>	<u>\$ 8,646,337</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 400,258	\$ 290,501
Compensated absences	61,190	73,694
Payable for securities	1,742,905	-
Deferred support	19,008	71,734
Current portion of notes payable	24,080	73,903
Total current liabilities	<u>2,247,441</u>	<u>509,832</u>
Contingent contribution	57,859	-
Notes payable, less current portion	626,058	650,143
Total liabilities	<u>2,931,358</u>	<u>1,159,975</u>
Net assets:		
Without donor restrictions	8,776,450	7,424,435
With donor restrictions	165,690	61,927
Total net assets	<u>8,942,140</u>	<u>7,486,362</u>
Total liabilities and net assets	<u>\$ 11,873,498</u>	<u>\$ 8,646,337</u>

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

**BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.**

Statements of Activities  
For the Years Ended June 30, 2024 and 2023

	2024	2023
Changes in unrestricted net assets:		
Unrestricted support:		
Contributions	\$ 874,852	\$ 990,181
Program services	5,084,602	3,400,529
Special events revenue, net	195,965	135,036
Fundraising revenue	134,772	131,007
Donated materials, services and facilities	443,180	259,871
Net appreciation in beneficial interest endowment fund	5,658	4,113
Net investment income	123,381	21,158
Total unrestricted support	<u>6,862,410</u>	<u>4,941,895</u>
Net assets released from donor restrictions:		
Satisfaction of program restrictions	852,486	1,112,983
Total unrestricted support and other support	<u>7,714,896</u>	<u>6,054,878</u>
Expenses:		
Program services	5,461,358	4,331,951
Support services:		
Management and general	463,722	437,427
Fundraising	437,801	403,332
Total unrestricted expenses	<u>6,362,881</u>	<u>5,172,710</u>
Increase in unrestricted net assets	<u>1,352,015</u>	<u>882,168</u>
Changes in donor restricted net assets:		
Capital campaign contributions, net of discount	184,408	262,642
Contributions, net	771,841	636,179
Net assets released from donor restrictions	<u>(852,486)</u>	<u>(1,112,983)</u>
Increase (decrease) in donor restricted net assets	<u>103,763</u>	<u>(214,162)</u>
Increase in net assets	1,455,778	668,006
Net assets, beginning of year	7,486,362	6,818,356
Net assets, end of year	<u>\$ 8,942,140</u>	<u>\$ 7,486,362</u>

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

**BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.**

Statements of Functional Expenses  
For the Year Ended June 30, 2024

	2024			
	Program Services	Management and General	Fundraising	Total
Personnel expenses:				
Salaries	\$ 3,441,306	\$ 142,796	\$ 196,228	\$ 3,780,330
Payroll taxes and employee benefits	440,574	18,282	25,122	483,978
Total personnel expenses	<u>3,881,880</u>	<u>161,078</u>	<u>221,350</u>	<u>4,264,308</u>
Operating expenses:				
Facilities rent	171,342	2,511	3,450	177,303
Facilities operating	185,485	7,697	10,577	203,759
Supplies and materials	520,198	-	151,150	671,348
Membership and dues	17,405	696	1,587	19,688
Insurance	50,908	2,112	2,903	55,923
Professional services	52,592	252,083	6,309	310,984
Vehicle expense	21,646	-	-	21,646
Postage and printing	1,964	81	422	2,467
Telephone	18,631	773	1,062	20,466
Office supplies	-	19,742	1,195	20,937
Workshops and training	46,081	1,912	2,628	50,621
Other	181,678	4,121	20,167	205,966
Depreciation	311,548	10,916	15,001	337,465
Total expenses	<u>\$ 5,461,358</u>	<u>\$ 463,722</u>	<u>\$ 437,801</u>	<u>\$ 6,362,881</u>

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

**BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.**

Statements of Functional Expenses (Continued)  
For the Year Ended June 30, 2023

	2023			
	Program Services	Management and General	Fundraising	Total
Personnel expenses:				
Salaries	\$ 2,575,748	\$ 292,614	\$ 198,433	\$ 3,066,795
Payroll taxes and employee benefits	306,847	34,859	23,639	365,345
Total personnel expenses	<u>2,882,595</u>	<u>327,473</u>	<u>222,072</u>	<u>3,432,140</u>
Operating expenses:				
Facilities rent	159,858	6,135	4,161	170,154
Facilities operating	194,329	22,076	14,971	231,376
Supplies and materials	339,460	-	87,443	426,903
Membership and dues	23,503	2,431	3,750	29,684
Insurance	56,828	6,456	4,378	67,662
Professional services	160,981	18,288	19,357	198,626
Vehicle expense	17,732	-	-	17,732
Postage and printing	1,497	170	403	2,070
Telephone	13,532	1,537	1,042	16,111
Office supplies	-	12,379	982	13,361
Workshops and training	29,120	3,308	2,243	34,671
Other	170,012	10,304	24,309	204,625
Depreciation	282,504	26,870	18,221	327,595
Total expenses	<u>\$ 4,331,951</u>	<u>\$ 437,427</u>	<u>\$ 403,332</u>	<u>\$ 5,172,710</u>

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



# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Statements of Cash Flows For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Increase in net assets	\$ 1,455,778	\$ 668,006
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contribution of investments	(82,591)	(75,266)
Gain on disposal of investments	(5,493)	(4,930)
Accretion of investments	(1,997)	-
Community fund endowment return	(592)	(912)
Depreciation and amortization	337,465	327,595
Changes in assets and liabilities:		
Promises to give	(168,177)	(513,111)
Receivable for program services	(163,833)	(116,013)
Accrued investment income	(13,483)	-
Refund receivable - ERC	608,431	323,115
Prepaid expenses and other assets	20,233	11,316
Accounts payable and accrued expenses	109,757	61,860
Compensated absences	(12,504)	15,016
Deferred support	(52,726)	(3,006)
Contingent contribution	57,859	-
Net cash provided by operating activities	2,088,127	693,670
Cash flows from investing activities:		
Purchase of property and equipment	(121,574)	(276,044)
Purchase of investments	(66,533)	-
Proceeds on disposal of investments	75,000	-
Net cash used in investing activities	(113,107)	(276,044)
Cash flows from financing activities:		
Repayment of notes payable	(73,908)	(276,699)
Proceeds on disposal of investments	83,039	82,600
Net cash provided by (used in) financing activities	9,131	(194,099)
Net increase in cash	1,984,151	223,527
Cash and cash equivalents at beginning of year	548,186	324,659
Cash and cash equivalents at end of year	\$ 2,532,337	\$ 548,186
Supplemental disclosures about cash flows:		
Interest paid	\$ 23,313	\$ 26,638

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

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements June 30, 2024 and 2023

### 1. Summary of Significant Accounting Policies

#### *Nature of Activities*

The Boys & Girls Club of Burbank and Greater East Valley, Inc. (the “Organization”), headquartered in Burbank, California, is a member of Boys & Girls Clubs of America (“BGCA”). The primary mission of BGCA is to assure and enhance the quality of life for youth as participating members of a richly diverse urban society. With special concern for the disadvantaged, Boys & Girls Clubs help youths realize their potential for growth and development. The Organization is concentrated in Burbank, California, and the surrounding communities. The Organization provides services based on principles and behavioral guidance, which will achieve the health, social, educational, vocational, character, and leadership development of their members. The Organization is supported primarily through program services, donor contributions, and fundraising events.

The Organization has a policy where no child is turned away for an inability to pay. Low income families can apply for financial aid and may qualify for a reduced tuition. For the years ended June 30, 2024 and 2023, the Organization offered approximately \$130,000 and \$133,000, respectively, of financial aid in the form of reduced tuition to families in need, which is recorded as a reduction of program services in the statements of activities.

#### *Basis of Presentation*

These financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

#### *Use of Estimates*

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

#### *Net Assets*

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Organization’s activities and operations at the direction of the Board of Directors.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that will be met by actions of the donor, the Organization, and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements (Continued) June 30, 2024 and 2023

### 1. Summary of Significant Accounting Policies (Continued)

#### *Cash and Cash Equivalents*

Cash equivalents consist of U.S. Treasury bills with original maturities of three months or less at the date of purchase, and are carried at cost, which approximates fair value.

#### *Debt Securities*

Debt securities consist of U.S. Treasury bills with original maturities of over three months at the date of purchase and are carried at the fair value.

#### *Accrued Investment Income*

The Organization made certain accounting policy elections to present accrued investment income balances separately from the held-to-maturity debt securities on the statements of financial position and not to measure an allowance for credit losses on accrued investment income amounts as the Organization writes off uncollectible accrued interest amounts in a timely manner by reversing interest income. There were no accrued investment income amounts considered uncollectible or written off for the year ended June 30, 2024.

#### *Promises to Give*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. An allowance for uncollectible promises is established when events or changes in circumstances indicate that specific receivable balances may be uncollectible.

#### *Receivable for Program Services*

Receivable for program services include amounts due from customers and are presented net of an allowance for credit losses. On a periodic basis, the Organization evaluates its receivable for program services and establishes an allowance for credit losses, which is management's best estimate, taking into consideration the aging of outstanding accounts, the current economic environment, historic payment and cancellation trends, and other relevant factors, including reasonable and supportable forward-looking information when determining whether to record an allowance for uncollectible balances.

The following table presents a summary of changes in allowance for credit losses on receivable for program services at June 30:

	2024	2023
Beginning balance	\$ 9,210	\$ 9,210
Provision during the period for expected credit losses	414	-
Balance at June 30	<u>\$ 9,624</u>	<u>\$ 9,210</u>

At July 1, 2022, the balance of receivable for program services net of allowance for credit losses was \$335,729.

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements (Continued) June 30, 2024 and 2023

### 1. Summary of Significant Accounting Policies (Continued)

#### *Fair Value Measurements*

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). Accordingly, when market observable data is not readily available, the Organization's own assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. Financial assets and financial liabilities recorded in the balance sheets at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

*Level 1* - Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization can access.

*Level 2* - Financial assets and financial liabilities whose values are based on (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in non-active markets, or (c) valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

*Level 3* - Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the Organization's estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

#### *Property and Equipment*

Property and equipment are carried at cost if purchased and estimated fair market value if contributed, less accumulated depreciation and amortization. Property and equipment are depreciated or amortized on a straight-line basis over their estimated service lives, which range from five to twenty years. Expenditures for major improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense when incurred. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the remaining lease term.

#### *Payable for Securities*

The Organization acquired investments on June 28, 2024, with the settlement occurring on July 1, 2024. Consequently, a liability of \$1,742,905 was recorded on June 30, 2024, for unsettled purchases.

#### *Deferred Support*

The Organization recognizes support revenues with respect to fundraising events in the period the event occurs. Accordingly, payments received in advance are deferred until the time of the event.

#### *Contingent Contribution*

Contingent contribution is accrued when the support received from a donor is expensed in a manner that is not in compliance with donor-imposed restrictions.

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Notes to Financial Statements (Continued)  
June 30, 2024 and 2023

## 1. Summary of Significant Accounting Policies (Continued)

### *Contributions*

Contributions received are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Conditional contributions received prior to incurring qualifying expenditures are reported as refundable advances and recognized in contributions upon satisfaction of donor-imposed conditions. Revenue from contributions subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments), are recognized when the barrier is satisfied.

### *Program Services*

The Organization collects registration and other fees from its members to help offset the costs associated with the registration process and certain elective programs. Such fees are recorded as unrestricted support and reported as program services in the statement of activities when services are rendered. Payments received in advance are deferred until earned.

### *Donated Assets and Services*

Donations of non-cash assets are recorded as contributions at their estimated fair value at the date of donation and reported as expense when utilized or monetized. Such donations are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated assets are either distributed for program use or monetized during the Organization's special events. The donations are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions.

Donated services are recognized as contributions 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 Organization.

### *Expense Allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### *Income Tax Status*

The Organization is a public charity that has obtained an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for federal or state income taxes. The Organization is subject, however, to Federal and California income taxes on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. For the fiscal year ended June 30, 2024, the Organization had no unrelated business income.

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements (Continued) June 30, 2024 and 2023

### 1. Summary of Significant Accounting Policies (Continued)

#### *Recently Adopted Accounting Standards*

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The current expected credit loss, or CECL, model established by ASU 2016-13, requires the immediate recognition of estimated expected credit losses over the life of financial instruments measured at amortized cost. The model takes into consideration historical as well as current and future economic conditions and events. On July 1, 2023, the Organization adopted the ASU and applied the standard to held-to-maturity debt securities, accrued investment income, and receivable for program services. The standard did not have a material impact on the financial statements.

#### *Reclassifications*

Certain balances in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements. These reclassifications had no effect on net assets.

### 2. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, promises to give, and receivable for program services. The Organization maintains most of its cash and cash equivalents 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 credit risk.

For the years ending June 30, 2024 and 2023, two donors accounted for approximately 66% of contributions, other than capital campaign contributions, and three donors accounted for approximately 71% of contributions, other than capital campaign contributions, respectively. For the years ending June 30, 2024 and 2023, two donors accounted for approximately 87% of the pledged receivable.

For the years ending June 30, 2024 and 2023, two customers accounted for approximately 52% and 41% of program services revenue, respectively. For the years ending June 30, 2024 and 2023, two customers accounted for approximately 93% and 92% of the receivable for program services, respectively.

### 3. Investments

The following schedule summarizes the investment income (loss) and its classification in the statements of activities for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 46,146	\$ 4,236
Interest on refund receivable	61,389	17,245
Realized gains	-	1,728
Unrealized gains (losses)	<u>15,846</u>	<u>(2,051)</u>
Total	<u>\$ 123,381</u>	<u>\$ 21,158</u>

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements (Continued) June 30, 2024 and 2023

### 4. Fair Value Measurements

The following table sets forth by level within fair value hierarchy the Organization's invested assets as of June 30:

	Level 1	Level 2	Level 3	Total
2024				
U.S. Treasury bills	\$ 1,736,414	\$ -	\$ -	\$ 1,736,414
Beneficial interest in endowment fund	-	-	67,267	67,267
	\$ 1,736,414	\$ -	\$ 67,267	\$ 1,803,681
2023				
Beneficial interest in endowment fund	\$ -	\$ -	\$ 61,609	\$ 61,609

See Note 8 for summary of changes in the fair value of the endowment fund (level 3 asset) for the years ended June 30, 2024 and 2023.

### 5. Promises to Give

Unconditional promises to give are due in one year and consisted of the following as of June 30:

	2024	2023
Unrestricted	\$ 677,032	\$ 795,150
Donor restricted – Implementing programs	268,220	39,725
Donor restricted – Facility repair	30,300	-
Donor restricted – Model study	32,500	-
Donor restricted - Capital campaign, net of discount of \$6,554 and \$6,554 and allowance for uncollectible promises of \$0 and \$12,872	10,790	15,790
Total	\$ 1,018,842	\$ 850,665

During fiscal year 2018, the Organization started a capital campaign to raise \$6 million for a new main facility. Certain promises to give were commitments over time (3 – 5 years) and as such the donations were discounted using the Organization's cost of funds (as determined by the line of credit interest of 9.50% and 9.25% at June 30, 2024 and 2023, respectively). The gross amount of the capital campaign receivable was \$17,344 and \$35,216 on June 30, 2024 and 2023, respectively.

### 6. Conditional Promises to Give

The Organization was selected by BCGA to participate in a federally funded project known as Mentoring at Boys & Girls Clubs. The Organization is reimbursed for allowable expenses associated with the initiative, which is awarded on a calendar year basis. For the years ended June 30, 2024 and 2023, the Organization incurred allowable expenses of \$80,779 and \$97,571, respectively, and was reimbursed \$80,779 and \$97,571, respectively.

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements (Continued) June 30, 2024 and 2023

### 6. Conditional Promises to Give (Continued)

The Organization was selected by the California Alliance of Boys & Girls Clubs to participate in a California Violence Intervention & Prevention Grant. The Organization is to be reimbursed for allowable expenses associated with the program in the amount of \$179,484 per year for three years between July 1, 2022 and June 20, 2025. For the years ended June 30, 2024 and 2023, the Organization incurred allowable expenses of \$224,585 and \$168,326, respectively, and was reimbursed \$85,878 and \$77,893, respectively.

The Organization was selected by the U.S. Department of Education to participate in a federally funded project for education technology. The Organization is to be reimbursed for allowable expenses associated with the project in the amount of \$250,000. The performance period is from September 1, 2022 through September 1, 2023. For the years ended June 30, 2024 and 2023, the Organization incurred allowable expenses of \$24,843 and \$225,157, respectively, and was reimbursed \$0 and \$225,157, respectively.

### 7. Property and Equipment

Property and equipment consist of the following as of June 30:

	2024	2023
Land	\$ 1,037,796	\$ 1,037,796
Bungalows	416,593	412,752
Sports equipment	-	2,550
Computer equipment	111,050	223,227
Office equipment	53,561	83,819
Vehicles	149,869	220,751
Building	4,316,128	4,316,128
Building improvements	905,898	810,934
	<u>5,953,099</u>	<u>6,070,161</u>
Accumulated depreciation and amortization	<u>(1,128,667)</u>	<u>(1,029,838)</u>
Property and equipment, net	<u>4,824,432</u>	<u>5,040,323</u>
Total property and equipment, net	<u>\$ 5,862,228</u>	<u>\$ 6,078,119</u>

Depreciation and amortization for the years ended June 30, 2024 and 2023 were \$337,465 and \$327,595, respectively.

### 8. Beneficial Interest in Endowment Fund

On September 19, 2011, the Organization received an unrestricted contribution from a member of the local community. The board of the Organization sought to preserve the assets of the contribution and irrevocably gifted \$85,526 to the Community Foundation of the Verdugos (the "Foundation") which created the Boys & Girls Club of Burbank and Greater East Valley Endowment (the "Fund"). The purpose of the Fund is to provide financial support to the Organization or for its specific programs or projects.



# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements (Continued) June 30, 2024 and 2023

### 8. Beneficial Interest in Endowment Fund (Continued)

Variance power has been granted to the Foundation protecting the Fund from obsolescence. If, in the sole judgment of the Board of Directors of the Foundation, the purpose for which the Fund was created ever becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the Foundation, the Foundation's Board of Directors shall modify any restriction or condition on the use or distribution of the income and principal of the Fund.

Of the average Fund balance of the preceding 12 quarters, 4.5% may be distributed to the Organization, subject to the Foundation's discretion. No amounts over 4.5% were distributed during 2024 or 2023. The Fund is invested by the Foundation in a pool with similar funds. The Organization is credited its share of earnings from the pool and charged fees for administration of the fund. Net earnings of the Fund are included in investment return in the accompanying statement of activities.

The Foundation has employed a total return investment policy with an objective of preserving the endowment capital, protecting the purchasing power of the funds, and providing cash flows to assist in the funding of the Foundation's grants and expenses. The Foundation invests funds in a diversified portfolio of cash, bonds, common stocks, preferred stocks, mutual funds, exchange traded funds, and where appropriate, alternative investments. The investments are further diversified within asset classes such as by economic sectors, industry, quality, and capitalization.

The Fund activities for the years ended June 30 are as follows:

	2024	2023
Balance, beginning of year	\$ 61,609	\$ 57,495
Earnings:		
Interest and dividends	1,579	1,467
Realized gains	133	488
Unrealized gains	5,066	3,202
Expenses charged to the Fund:		
Administrative fees	(791)	(736)
Other	(329)	(307)
Net appreciation of the Fund	5,658	4,114
Distributions	-	-
Balance, end of year	\$ 67,267	\$ 61,609

The Fund had \$2,806 and \$0 available for use by the Organization at June 30, 2024 and 2023, respectively. Management elected to reinvest available funds.

### 9. Line of Credit

The Organization maintains a one year revolving line of credit with a financial institution that renews annually. The line of credit is for \$100,000, expires on January 28, 2025, and bears interest at the bank's prime rate (8.50% and 8.25% at June 30, 2024 and 2023, respectively) plus 1%. As of June 30, 2024 and 2023, there was no outstanding balance on the line of credit.

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements (Continued) June 30, 2024 and 2023

### 10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2024	2023
Capital campaign for new facility	\$ 104,185	\$ 15,790
Consulting for merger opportunities	6,412	6,412
Social recreation program	-	39,725
Opioid program	22,250	-
Facility repair	30,300	-
Other	2,543	-
Total net assets with donor restrictions	<u>\$ 165,690</u>	<u>\$ 61,927</u>

### 11. Donated Materials, Services and Facilities

The value of donated materials, services, and facilities included as contributions in the statements of activities and the corresponding expenses for the years ended June 30 are as follows:

	2024	2023
Facility rental	\$ 43,154	\$ 37,663
Materials and supplies	400,026	222,208
Total donated materials, services and facilities	<u>\$ 443,180</u>	<u>\$ 259,871</u>

The Organization rents its facilities for \$1 a year on a month-to-month basis. For the year ended June 30, 2024, the estimated rental value for three facilities: St. Bridget, St. Patrick Catholic Church, and St. Elisabeth, was \$4,346, \$33,250, and \$5,558, respectively. For the year ended June 30, 2023, the estimated rental value for three facilities: St. Bridget, St. Patrick Catholic Church, and St. Elisabeth, was \$4,902, \$26,363, and \$6,398, respectively.

### 12. Defined Contribution Plan

The Organization has elected to be part of the BGCA's 401(k) Safe Harbor Master Plan ("the Plan") whereby employees and employer can make contributions to the Plan up to the maximum allowed by law. The Organization may elect to contribute a Safe Harbor Matching Contribution to the Trust Fund on behalf of each eligible participant in a uniform percentage equal to 100% of a participant's elective deferrals which do not exceed 3% of compensation, plus 50% of elective deferrals which exceed 3%, but do not exceed 5% of compensation. The defined contribution plan expense for the years ended June 30, 2024 and 2023 were \$24,018 and \$21,181, respectively.

### 13. Commitments

An annual lease with the Burbank Unified School District is paid monthly. Rent expense for the years ended June 30, 2024 and 2023 was \$109,950 and \$105,246, respectively.

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements (Continued) June 30, 2024 and 2023

### 14. Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30:

	2024	2023
Cash and cash equivalents	\$ 2,532,337	\$ 548,186
Less payable for securities	(1,742,905)	-
Cash and cash equivalents, net of payable for securities	789,432	-
Donor-imposed restrictions	(160,210)	(6,412)
Cash and cash equivalents available for general expenditures	629,222	541,774
Current portion of debt securities	295,444	-
Promises to give	677,032	795,150
Receivable for program services, net of allowance for credit losses of \$9,624 and \$9,210	615,575	451,742
Accrued investment income	13,483	-
Refund receivable – ERC	-	608,431
Total financial assets	2,230,756	2,397,097
Amounts not available to be used within one year	-	-
Financial assets available to meet general expenditures over the next twelve months	\$ 2,230,756	\$ 2,397,097

The Organization is substantially supported by program revenues. The Organization reviews its liquidity monthly with the board of directors. In the event of an unanticipated liquidity need, the Organization also has \$100,000 available on its line of credit at June 30, 2024.

### 15. Notes Payable

Notes payable consist of the following at June 30:

	2024	2023
Gain Federal Credit Union, secured by vehicle, imputed interest of 9.25%, payable in monthly installments, due October 2024	\$ -	\$ 1,203
Gain Federal Credit Union, secured by real property, bears interest at 3.435%, payable in monthly installments, due January 2036	650,138	722,843
Total	650,138	724,046
Less current portion	(24,080)	(73,903)
Total net of current portion	\$ 626,058	\$ 650,143

# BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

## Notes to Financial Statements (Continued) June 30, 2024 and 2023

### 15. Notes Payable (Continued)

The following is a schedule by years of the future minimum payments on the Organization's notes payable:

Years ended June 30,	
2025	\$ 24,080
2026	24,921
2027	25,790
2028	26,690
2029	27,622
Thereafter	<u>521,035</u>
Total	<u>\$ 650,138</u>

For the years ended June 30, 2024 and 2023, interest expense on the notes payable was \$23,313 and \$26,638, respectively.

### 16. Refund Receivable - ERC

The Employee Retention Credit ("ERC") was established by the CARES Act. It was intended to help organizations retain their workforces and avoid layoff during the coronavirus pandemic. It provides a per employee credit to eligible organizations based on a percentage of qualified wages and health insurance benefits paid to employees. Two critical tests for eligibility exist - a partial or total government-ordered shutdown, or a decline in gross receipts. The decline in gross receipts test is based on a significant decline in gross receipts in any one quarter of 2020 (more than 50%) and 2021 (more than 20%) compared with the same quarters in 2019. The credit is recorded as a refund receivable and revenue is recognized in the period the Organization determines the conditions have been substantially met. The Organization was eligible to receive a credit of \$931,546 for qualified wages and health insurance benefits paid to employees from January 2021 through June 2022. As of June 30, 2024 and 2023, the refund receivable balance was \$0 and \$608,431, respectively.

Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

### 17. Related-Party Transactions

The Organization uses IT technical support services of a company whose chief executive officer is on the Organization's advisory board of directors. For the years ended June 30, 2024 and 2023, the Organization paid \$39,824 and \$108,190, respectively, for IT technical support services.

The Organization uses general building contracting services of a company whose president is on the Organization's board of directors. For the years ended June 30, 2024 and 2023, the Organization paid \$110,222 and \$140,435, respectively, for general building contracting services.

### 18. Subsequent Events

Management has evaluated subsequent events through February 14, 2025 which is the date the financial statements were available to be issued. No events have occurred subsequent to June 30, 2024 requiring recording or disclosure in these financial statements.