

**BOYS AND GIRLS CLUBS  
OF THE MIDLANDS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**  
**(WITH INDEPENDENT AUDITOR'S REPORT)**



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Boys and Girls Clubs of the Midlands  
Omaha, Nebraska:

### **Opinion**

We have audited the accompanying financial statements of Boys and Girls Clubs of the Midlands (a nonprofit organization) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Clubs of the Midlands as of December 31, 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 of 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 Boys and Girls Clubs of the Midlands and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter**

As discussed in Note 18, net assets as of the beginning of the prior year were restated between without donor restriction and with donor restriction based on new information regarding the one of the endowment funds. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Boys and Girls Clubs of the Midlands' 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 Boys and Girls Clubs of the Midlands' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys and Girls Clubs of the Midlands' 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.

**FRANKE, LLC**

Omaha, Nebraska  
May 13, 2025

**BOYS AND GIRLS CLUBS OF THE MIDLANDS****STATEMENTS OF FINANCIAL POSITION**

<b>DECEMBER 31</b>	<b>2024</b>	<b>2023</b>
		<b>Restated</b>
<b>ASSETS</b>		
Cash	\$ 523,196	588,157
Investments (Notes 3, 6 and 12)	20,014,116	20,158,324
<b>Receivables</b>		
United Way of the Midlands	87,498	233,333
Grants	736,967	1,084,135
Investment fund	250,000	---
Other	61,973	9,707
Pledges, net (Note 4)	1,554,666	4,212,171
<b>Total receivables</b>	<b>2,691,104</b>	<b>5,539,346</b>
Restricted cash	203,216	280,028
Equipment lease right of use assets, net (Note 10)	268,071	381,422
Beneficial interest in trust	537,181	---
Land, buildings and equipment, net (Note 7)	15,285,287	12,340,510
Intangible assets, net (Note 8)	10,572,106	11,247,367
Other	118,301	105,098
<b>TOTAL ASSETS</b>	<b>\$ 50,212,578</b>	<b>50,640,252</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 590,305	390,757
Construction costs payable	62,928	358,677
Funds held for others	100,457	98,205
Refundable advances - grants	87,808	192,985
Other	20,000	35,000
Finance lease obligations (Note 10)	261,414	365,464
<b>Total liabilities</b>	<b>1,122,912</b>	<b>1,441,088</b>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	27,257,805	20,934,124
Board-designated endowment	7,800,278	5,779,570
Total without donor restrictions	35,058,083	26,713,694
With donor restrictions (Note 11)	14,031,583	22,485,470
<b>Total net assets</b>	<b>49,089,666</b>	<b>49,199,164</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 50,212,578</b>	<b>50,640,252</b>

See accompanying notes to financial statements.

**BOYS AND GIRLS CLUBS OF THE MIDLANDS**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains and other support</b>			
Contributions - Cash and other financial assets	\$ 4,680,813	977,269	5,658,082
Grants - Indirect federal	624,973	---	624,973
Grants - Other	2,548,618	255,478	2,804,096
Contributions - Nonfinancial assets	1,387,314	---	1,387,314
Allocated by United Way of the Midlands	87,502	87,498	175,000
Membership dues, fees, and incidental charges	242,878	---	242,878
Investment income, net	1,112,456	939,387	2,051,843
Special fundraising events (net of direct expenses of \$216,218)	1,005,076	---	1,005,076
Rental and miscellaneous	56,157	---	56,157
Net earnings in beneficial interest in trust	56,642	---	56,642
<b>Total revenues, gains and other support</b>	<b>11,802,429</b>	<b>2,259,632</b>	<b>14,062,061</b>
<b>Net assets released from restrictions (Note 11)</b>	<b>10,713,519</b>	<b>(10,713,519)</b>	<b>---</b>
<b>Functional expenses</b>			
<b>Program services</b>			
Academic success	3,030,330	---	3,030,330
Healthy lifestyles	5,254,953	---	5,254,953
Character and leadership	1,558,665	---	1,558,665
Scholarship and outreach	863,931	---	863,931
<b>Total program services</b>	<b>10,707,879</b>	<b>---</b>	<b>10,707,879</b>
<b>Supporting services</b>			
Management and general	2,554,570	---	2,554,570
Fundraising	818,212	---	818,212
<b>Total supporting services</b>	<b>3,372,782</b>	<b>---</b>	<b>3,372,782</b>
<b>Total functional expenses</b>	<b>14,080,661</b>	<b>---</b>	<b>14,080,661</b>
Loss on disposal of property and equipment	90,898	---	90,898
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>8,344,389</b>	<b>(8,453,887)</b>	<b>(109,498)</b>
Net assets at beginning of year	26,713,694	22,485,470	49,199,164
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 35,058,083</b>	<b>14,031,583</b>	<b>49,089,666</b>

See accompanying notes to financial statements.

**BOYS AND GIRLS CLUBS OF THE MIDLANDS**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2023 (Restated)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains and other support</b>			
Contributions - Cash and other financial assets	\$ 3,190,574	4,592,246	7,782,820
Grants - Indirect federal	1,026,993	---	1,026,993
Grants - Other	1,950,232	74,523	2,024,755
Contributions - Nonfinancial assets	1,354,481	---	1,354,481
Allocated by United Way of the Midlands	200,000	200,000	400,000
Membership dues, fees, and incidental charges	258,109	---	258,109
Investment income, net	929,193	1,430,148	2,359,341
Special fundraising events (net of direct expenses of \$201,069)	1,397,223	---	1,397,223
Rental and miscellaneous	73,539	---	73,539
Net earnings in beneficial interest in trust	---	---	---
<b>Total revenues, gains and other support</b>	<b>10,380,344</b>	<b>6,296,917</b>	<b>16,677,261</b>
<b>Net assets released from restrictions (Note 11)</b>	<b>2,216,672</b>	<b>(2,216,672)</b>	<b>---</b>
<b>Functional expenses</b>			
<b>Program services</b>			
Academic success	2,602,330	---	2,602,330
Healthy lifestyles	5,893,954	---	5,893,954
Character and leadership	976,309	---	976,309
Scholarship and outreach	816,954	---	816,954
<b>Total program services</b>	<b>10,289,547</b>	<b>---</b>	<b>10,289,547</b>
<b>Supporting services</b>			
Management and general	1,724,050	---	1,724,050
Fundraising	644,523	---	644,523
<b>Total supporting services</b>	<b>2,368,573</b>	<b>---</b>	<b>2,368,573</b>
<b>Total functional expenses</b>	<b>12,658,120</b>	<b>---</b>	<b>12,658,120</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(61,104)</b>	<b>4,080,245</b>	<b>4,019,141</b>
Net assets at beginning of year, as previously reported	28,162,267	17,017,756	45,180,023
Restatement of beginning net assets	(1,387,469)	1,387,469	---
Net assets at beginning of year, as restated	26,774,798	18,405,225	45,180,023
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 26,713,694</b>	<b>22,485,470</b>	<b>49,199,164</b>

See accompanying notes to financial statements.

**BOYS AND GIRLS CLUBS OF THE MIDLANDS**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2024**

	Program Services					Supporting Services			Total Functional Expenses
	Academic Success	Healthy Lifestyles	Character & Leadership	Scholarship & Outreach	Total	Management and General	Fundraising	Total	
Salaries	\$ 1,277,806	2,128,999	729,956	257,708	4,394,469	1,136,809	529,550	1,666,359	6,060,828
Employee benefits	183,093	261,650	111,061	61,343	617,147	184,837	85,650	270,487	887,634
Payroll taxes	94,428	157,852	53,972	18,191	324,443	76,153	39,546	115,699	440,142
<b>Total employee compensation</b>	<b>1,555,327</b>	<b>2,548,501</b>	<b>894,989</b>	<b>337,242</b>	<b>5,336,059</b>	<b>1,397,799</b>	<b>654,746</b>	<b>2,052,545</b>	<b>7,388,604</b>
Specific assistance to individuals	28,449	390,426	80,202	1,452	500,529	1,706	471	2,177	502,706
Professional fees and contracts	84,136	183,673	66,305	24,523	358,637	638,584	29,001	667,585	1,026,222
Scholarships, awards & incentives	26,362	14,652	60,652	374,724	476,390	3,683	2,645	6,328	482,718
Supplies	484,494	158,679	64,012	6,355	713,540	58,196	21,517	79,713	793,253
Telephone	21,702	53,721	9,500	3,290	88,213	20,900	6,203	27,103	115,316
Occupancy	353,462	942,914	112,930	---	1,409,306	31,145	---	31,145	1,440,451
Insurance	78,197	202,698	31,184	950	313,029	20,631	1,659	22,290	335,319
Student transportation	32,064	93,941	50,127	16,398	192,530	15,981	820	16,801	209,331
Conferences, trainings and meetings	11,105	30,824	5,045	3,681	50,655	22,248	1,955	24,203	74,858
Equipment	4,209	10,944	5,684	---	20,837	---	---	---	20,837
National dues	---	---	---	---	---	31,523	---	31,523	31,523
Miscellaneous	14,271	38,997	5,696	163	59,127	29,730	8,573	38,303	97,430
<b>Expenses before depreciation</b>	<b>2,693,778</b>	<b>4,669,970</b>	<b>1,386,326</b>	<b>768,778</b>	<b>9,518,852</b>	<b>2,272,126</b>	<b>727,590</b>	<b>2,999,716</b>	<b>12,518,568</b>
Depreciation and amortization	336,552	584,983	172,339	95,153	1,189,027	282,444	90,622	373,066	1,562,093
<b>Total expenses</b>	<b>\$ 3,030,330</b>	<b>5,254,953</b>	<b>1,558,665</b>	<b>863,931</b>	<b>10,707,879</b>	<b>2,554,570</b>	<b>818,212</b>	<b>3,372,782</b>	<b>14,080,661</b>

See accompanying notes to financial statements.

**BOYS AND GIRLS CLUBS OF THE MIDLANDS**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2023**

	Program Services					Supporting Services			Total Functional Expenses
	Academic Success	Healthy Lifestyles	Character & Leadership	Scholarship & Outreach	Total	Management and General	Fundraising	Total	
Salaries	\$ 1,099,837	2,360,928	405,203	268,757	4,134,725	834,881	478,336	1,313,217	5,447,942
Employee benefits	170,879	366,811	62,955	41,756	642,401	129,469	69,905	199,374	841,775
Payroll taxes	80,487	172,774	29,653	19,668	302,582	55,909	35,117	91,026	393,608
<b>Total employee compensation</b>	<b>1,351,203</b>	<b>2,900,513</b>	<b>497,811</b>	<b>330,181</b>	<b>5,079,708</b>	<b>1,020,259</b>	<b>583,358</b>	<b>1,603,617</b>	<b>6,683,325</b>
Specific assistance to individuals	122,398	224,724	38,569	7,870	393,561	---	---	---	393,561
Professional fees and contracts	19,904	42,726	7,333	4,864	74,827	298,352	12,078	310,430	385,257
Scholarships, awards & incentives	29,246	76,038	11,698	389,448	506,430	---	1,589	1,589	508,019
Supplies	190,867	409,719	70,319	46,640	717,545	63,044	6,128	69,172	786,717
Telephone	22,458	48,208	8,274	5,488	84,428	33,760	5,615	39,375	123,803
Occupancy	354,049	920,527	141,619	---	1,416,195	61,407	---	61,407	1,477,602
Insurance	67,774	145,485	24,969	16,561	254,789	42,017	1,349	43,366	298,155
Student transportation	51,633	110,836	19,023	12,617	194,109	13,081	1,461	14,542	208,651
Conferences, trainings and meetings	11,414	24,502	4,205	2,789	42,910	44,263	11,461	55,724	98,634
Equipment	33,449	86,967	13,380	---	133,796	11,205	2,225	13,430	147,226
National dues	---	---	---	---	---	28,058	---	28,058	28,058
Miscellaneous	19,093	48,720	7,572	496	75,881	30,782	12,344	43,126	119,007
<b>Expenses before depreciation</b>	<b>2,273,488</b>	<b>5,038,965</b>	<b>844,772</b>	<b>816,954</b>	<b>8,974,179</b>	<b>1,646,228</b>	<b>637,608</b>	<b>2,283,836</b>	<b>11,258,015</b>
Depreciation and amortization	328,842	854,989	131,537	---	1,315,368	77,822	6,915	84,737	1,400,105
<b>Total expenses</b>	<b>\$ 2,602,330</b>	<b>5,893,954</b>	<b>976,309</b>	<b>816,954</b>	<b>10,289,547</b>	<b>1,724,050</b>	<b>644,523</b>	<b>2,368,573</b>	<b>12,658,120</b>

See accompanying notes to financial statements.

**BOYS AND GIRLS CLUBS OF THE MIDLANDS**

**STATEMENTS OF CASH FLOWS**

<b>YEARS ENDED DECEMBER 31</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (109,498)	4,019,141
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	1,562,093	1,400,105
Net realized and unrealized gain on investments	(1,544,595)	(1,845,092)
Net change in beneficial interest in trust	(537,181)	---
Contributions restricted for capital projects	1,997,534	(2,998,025)
Contributions restricted for scholarships and programs	(300,310)	(401,613)
Loss on disposal of land, buildings and equipment	90,898	---
(Increase) decrease in operating assets:		
Receivables:		
United Way of the Midlands	145,835	(35,833)
Grants	347,168	(505,827)
Other	(52,266)	126,746
Pledges	377,135	(1,292,570)
Other	(13,203)	(83,185)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	221,987	(107,695)
Funds held for others	2,252	28,999
Refundable advances - grants	(105,177)	(108,569)
Other	(15,000)	(385,102)
<b>Net cash provided (used) by operating activities</b>	<b>2,067,672</b>	<b>(2,188,520)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of building and equipment	(4,127,343)	(3,115,568)
Purchase of investments	(10,480,163)	(12,636,304)
Proceeds from sale of investments	11,918,966	13,713,742
<b>Net cash used by investing activities</b>	<b>(2,688,540)</b>	<b>(2,038,130)</b>
<b>Cash flows from financing activities:</b>		
Contributions restricted for capital projects	282,836	3,300,152
Contributions restricted for scholarships and programs	300,310	401,613
Principal payments on finance lease obligations	(104,051)	(99,933)
<b>Net cash provided by financing activities</b>	<b>479,095</b>	<b>3,601,832</b>
<b>NET DECREASE IN CASH AND RESTRICTED CASH</b>	<b>(141,773)</b>	<b>(624,818)</b>
Cash and restricted cash at beginning of year	868,185	1,493,003
<b>Cash and restricted cash at end of year</b>	<b>\$ 726,412</b>	<b>868,185</b>
<b>Non-cash investing and financing activity:</b>		
Building and equipment or construction costs in accounts payable	\$ 62,928	381,117
<b>Supplemental data:</b>		
Interest paid	12,011	16,129

See accompanying notes to financial statements.

## BOYS AND GIRLS CLUBS OF THE MIDLANDS

### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2024 AND 2023

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Boys and Girls Clubs of the Midlands (the Club) provides youth development programs and opportunities as Boys and Girls Clubs of Omaha, Boys and Girls Clubs of Carter Lake and Boys and Girls Clubs of Council Bluffs.

The Club is a not-for-profit organization established to inspire and enable all young people, especially those who need us most, to realize their full potential as productive, responsible, healthy and caring citizens.

The Club provides programs in four core areas:

- Academic success – remove barriers in learning and help ensure that members graduate from high school on time with essential academic and life skills. The goal is to help these young people grow into self-directed learners, who succeed academically, and have developed a passion for lifelong learning.
- Healthy lifestyles – help members develop positive behaviors, set personal goals, and understand the importance of maintaining healthy lifestyles, both mentally and physically. The goal is to equip members with the knowledge and skills necessary to make informed, healthy decisions that contribute to their overall well-being.
- Character and leadership – aim to foster members’ character, individual growth, and leadership qualities through service work, community involvement, and the establishment of personal goals. The goal is to develop young people who stay true to their values, demonstrate good leadership and drive positive change in their communities.
- Scholarship and outreach – cultivate post-secondary readiness in middle and high school members and include dedicated outreach efforts to ensure that resources reach those who need them most. The goal is to proactively reach young people and ensure they are equipped with the knowledge and resources needed to actively pursue their post-secondary goals.

The 2023 program expenses were reclassified to be presented under these program categories. There were no overall changes in the total functional expenses.

#### **1. Summary of Significant Accounting and Reporting Policies**

##### A. Basis of Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and specifically with Accounting Standards Codification (ASC) section 958, Not-for-Profit Entities, issued by the Financial Accounting Standards Board (FASB). Net assets are classified as without donor restrictions and with donor restrictions, defined as follows:

The use of net assets without donor restrictions is not limited by donor-imposed stipulations and are, therefore, available for general operations.

Net assets with donor restrictions result from contributions and revenues the use of which is limited by donor or grant-imposed stipulations that are more specific than broad limits resulting from 1) the nature of the not-for-profit entity; 2) the environment in which it operates; and 3) the purposes specified in its articles of incorporation or by-laws or comparable documents.

# BOYS AND GIRLS CLUBS OF THE MIDLANDS

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2024 AND 2023**

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### 1. Summary of Significant Accounting and Reporting Policies - Continued

#### B. Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Because of the inherent uncertainties in this process, it is likely that actual results will vary from the estimates.

The Club invests in securities exposed to interest rate, market and credit risks. Accordingly, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position and activities.

#### C. Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash at December 31 reported in the statements of financial position that sum to the total shown on the statements of cash flows.

	<u>2024</u>	<u>2023</u>
Cash	\$ 523,196	588,157
Cash restricted for capital projects and programs	203,216	280,028
<b>Total cash and restricted cash as presented in the Statements of Cash Flows</b>	<b>\$ 726,412</b>	<b>868,185</b>

#### D. Investments

Investments are reported at fair value. Fair value is the price 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. Changes in the fair value of investments are reported in the statement of activities. Dividends and interest are recognized as earned.

#### E. Beneficial Interest in Trust

The Club received notification in 2024 that it is a 25% beneficiary to a charitable remainder annuity trust. Distributions received from the trust along with the beneficial interest have been recognized as contribution revenue. The beneficial interest in the trust is reported at fair value, which is estimated as the fair value of underlying trust assets. The value of the beneficial interest in the trust is adjusted for the change in its estimated fair value.

#### F. Land, Buildings and Equipment

Land, buildings and equipment are reported at cost or the fair value of donated items at the time of donation. Assets with a cost exceeding \$2,000 and an estimated life of more than one year are capitalized. Depreciation is computed by the straight-line method over estimated useful lives.

Land improvements	10 to 15 years
Buildings and improvements	5 to 50 years
Furniture, fixtures, and equipment	3 to 15 years
Automobiles	5 years

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Continued

# BOYS AND GIRLS CLUBS OF THE MIDLANDS

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2024 AND 2023**

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### 1. Summary of Significant Accounting and Reporting Policies – Continued

#### G. Leases

The Club determines if an arrangement is a lease at inception, and further classifies each lease as an operating or finance lease. Financing leases are presented as equipment financing lease right-of-use assets and finance lease obligations on the statement of financial position. The Club does not have any significant operating leases.

Right-of-use assets represent the Club's right to use an underlying asset for the lease term and lease liabilities represent the Club's obligation to make lease payments arising from the lease. Finance lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The finance lease right-of-use assets also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that they will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

#### H. Contributions

Contributions are recognized as revenue when cash, securities or other assets, including unconditional promise to give are received from a donor. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are recognized as revenue when the conditions upon which they depend are substantially met.

The Club recognizes contributions as support with donor restrictions if they are subject to donor stipulations that limit the use of the donated assets. When donor restrictions are satisfied, net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as "net assets released from restrictions". Contributions received with donor-imposed restrictions that are satisfied in the same year the contribution is received are reported as revenues without donor restrictions.

Contributions of nonfinancial assets, including in-kind rent for use of facilities, internet and other professional services, are reported at fair value on the date received.

#### I. Grant Revenue

Grant revenue is recognized in accordance with grant terms. Cost reimbursement grants are considered conditional contributions and revenue is recognized as the Club incurs allowable qualifying expenses and bills the respective grantor. Unearned grant advances are presented as refundable advances in the statements of financial position. All grant receivables are considered fully collectible by Club management.

#### J. Contributed Services

Volunteers contributed approximately 5,000 and 4,000 hours of services to the Club in 2024 and 2023, respectively. The value of such services is not reported, as these services do not require specialized skills.

#### K. Exchange Transaction Revenue

The Club recognizes exchange transaction revenue from the following sources:

- Membership dues, fees, and incidental charges
- Special fundraising events

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Continued

# BOYS AND GIRLS CLUBS OF THE MIDLANDS

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2024 AND 2023**

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### 1. Summary of Significant Accounting and Reporting Policies - Continued

#### K. Exchange Transaction Revenue - Continued

The Club charges school-aged youth annual membership dues of \$30 for access to the Clubs. Dues are recognized as revenue over time in the applicable calendar year. In addition, the Club charges fees for early arrival at the facility after school, summer camp, sports, and other activities which are recognized at the point in time the service is provided. The performance obligation for each service is completed within the same reporting period, thus there are no receivables, prepaid membership dues or fees that would be considered a liability.

Special fundraising events are held throughout the year in which a portion of the gross proceeds received from participants represents payment for the direct cost of benefits received by event participants. Generally, the fair value of the direct benefit received is measured at the actual direct cost to the Club. The event fee is set by Club management and is recognized at a point in time when the event is held. The fee net of direct expenses is presented as special fundraising events revenue on the statement of activities.

#### L. Income Taxes

The Club is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no taxes are included in these financial statements.

Accounting standards require disclosure and recognition in financial statements of positions taken in a tax return about the treatment of transactions and events that more likely than not would not be sustained upon examination by tax authorities. Tax positions relative to a not-for-profit organization include activities that may endanger its exempt purpose and status as an exempt organization. The Club believes it complies with all relevant tax laws and regulations and has no significant uncertain tax positions. Therefore, no liability for uncertain taxes has been recorded in the financial statements.

#### M. Functional Expenses

The financial statements report expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services. In addition, building and technology costs are allocated based on usage of space and equipment.

#### N. Subsequent Events

Management evaluated transactions and events occurring subsequent to December 31, 2024, and through May 13, 2025, the date the financial statements were available to be issued, to determine whether any events should be recognized or disclosed in these statements. There were no material transactions or events in the subsequent period requiring disclosure or recognition in the statements.

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Continued

# BOYS AND GIRLS CLUBS OF THE MIDLANDS

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2024 AND 2023**

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### 2. Liquidity and Availability of Funds

The Club's financial assets available for general expenditure within one year of the statement of financial position date, are as follows:

	<u>2024</u>	<u>2023</u>
Total assets at year-end	\$ 50,212,578	50,640,252
Less:		
Investments including:		
Board-designated endowment	(7,800,278)	(5,779,570)
Other endowments	(9,807,038)	(9,984,023)
Restricted for capital projects	(2,406,800)	(4,394,731)
Investment fund receivable	(250,000)	--
Pledges receivable	(1,699,666)	(4,357,171)
Cash restricted for capital projects	(203,216)	(280,028)
Equipment right of use assets	(268,071)	(381,422)
Land, buildings and equipment, net	(15,285,287)	(12,340,510)
Intangible assets, net	(10,572,106)	(11,247,367)
Beneficial interest in trust	(537,181)	--
Other	(118,301)	(105,098)
<b><u>Total financial assets available for general expenditures as of year-end</u></b>	<b><u>\$ 1,264,634</u></b>	<b><u>1,770,332</u></b>

The Club's endowment funds consist primarily of donor-restricted endowments to support Club activities and operations. Income from all endowment funds is subject to appropriation by the board.

As part of the Club's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Club has a borrowing capacity on its line of credit in the amount of \$600,000, which it could draw upon. In 2023, the Club initiated a five-year drawdown of \$4 million of the Clubs & You capital campaign funding. The purpose of this drawdown is to support operations of the Club expansion, which was the intended purpose for a portion of the Clubs & You capital campaign's funding. Additionally, the Club has board-designated endowment funds of \$7.8 million at December 31, 2024. Although the Club does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual appropriation process, amounts from its board-designated endowment could be made available if necessary.

### 3. Fair Value Measurements

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

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Continued

# BOYS AND GIRLS CLUBS OF THE MIDLANDS

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2024 AND 2023**

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### 3. Fair Value Measurements – Continued

Level 2: Inputs to the valuation methodology include:

- 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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (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.

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

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

The following tables set forth by level, within the fair value hierarchy, the Club's assets at fair value as of December 31, 2024 and December 31, 2023.

#### Assets at Fair Value as of December 31, 2024

	Level 1	Level 2	Level 3	Total
<b>Recurring measurements</b>				
Investments:				
Money market funds	\$ 3,174,245	--	--	3,174,245
Mutual and exchange traded funds				
Bond	3,646,638	--	--	3,646,638
Domestic equity	8,287,709	--	--	8,287,709
International equity	2,466,008	--	--	2,466,008
Corporate bonds	--	1,043,431	--	1,043,431
Common stock	158,648	--	--	158,648
	<u>\$ 17,733,248</u>	<u>1,043,431</u>	<u>--</u>	<u>18,776,679</u>
Investment fund measured at net asset value (1)				<u>1,237,437</u>
Total investments				<u>\$ 20,014,116</u>

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Continued

**BOYS AND GIRLS CLUBS OF THE MIDLANDS**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**

**3. Fair Value Measurements – Continued**

Assets at Fair Value as of December 31, 2023

	Level 1	Level 2	Level 3	Total
<b>Recurring measurements</b>				
Investments:				
Money market funds	\$ 2,573,266	--	--	2,573,266
Mutual and exchange traded funds				
Bond	3,794,912	--	--	3,794,912
Domestic equity	7,078,303	--	--	7,078,303
International equity	2,720,230	--	--	2,720,230
Corporate bonds	--	2,515,080	--	2,515,080
Common stock	142,664	--	--	142,664
	<u>\$ 16,309,375</u>	<u>2,515,080</u>	<u>--</u>	<u>18,824,455</u>
Investment fund measured at net asset value (1)				<u>1,333,869</u>
Total investments				<u>\$ 20,158,324</u>

(1) In accordance with FASB ASC 820-10, certain investments that were measured at net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to investments at fair value presented on the balance sheet.

**Fair Value of Investments in Entities That Use Net Asset Value Per Share**

The investment fund's investment strategy is to allocate its assets among various investment strategies in an effort to generate long-term positive returns with a low correlation to equity markets. The following table summarizes investments measured at fair value based on net asset value per share:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b>December 31, 2024</b>				
Investment fund	\$ 1,237,437	n/a	Annually	120 days
<b>December 31, 2023</b>				
Investment fund	\$ 1,333,869	n/a	Annually	120 days

**4. Pledges Receivable**

During 2022, the Club initiated a capital campaign with the goal of raising approximately \$6.5 million to provide for the construction of a new club facility at Carter Lake. The Club has received unconditional promises to give (pledges) for the campaign and other pledges for multi-year operational support. A discount rate of 4.50%, which approximates an appropriate risk-free rate adjusted for risks related to collection at the time of the pledges, was used to determine present value. Capital campaign pledges receivable recognized for promises to give include the following:

Less than one year	\$ 1,167,933
One to five years	559,500
	<u>1,727,433</u>
Less allowance	145,000
Less discount to present value	27,767
<b>Net pledges receivable</b>	<b><u>\$ 1,554,666</u></b>

Continued

**BOYS AND GIRLS CLUBS OF THE MIDLANDS**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**

**5. Conditional Contributions**

As of December 31, 2024, approximately \$321,000 is available under current cost-reimbursement grants for future expenses.

**6. Investments**

	Cost	Net Unrealized		Fair Value
		Gain	Loss	
Money market funds	\$ 3,174,245	--	--	3,174,245
Mutual and exchange traded funds				
Bond	3,919,001	--	(272,363)	3,646,638
Domestic equity	6,328,083	1,959,626	--	8,287,709
International equity	2,327,753	138,255	--	2,466,008
Corporate bonds	1,035,275	8,156	--	1,043,431
Common stock	20,139	138,509	--	158,648
Investment fund	649,978	587,459	--	1,237,437
<b>Balance at December 31, 2024</b>	<b>\$ 17,454,474</b>	<b>2,832,005</b>	<b>(272,363)</b>	<b>20,014,116</b>
<b>Balance at December 31, 2023</b>	<b>\$ 16,774,536</b>	<b>3,627,416</b>	<b>(243,628)</b>	<b>20,158,324</b>

**7. Land, Buildings and Equipment**

	2024	2023
Land	\$ 691,872	691,872
Land improvements	115,099	115,099
Buildings	22,220,240	16,325,856
Furniture and fixtures	3,582,955	3,488,449
Vehicles	818,231	690,248
Equipment and other	1,275,829	1,240,110
Pool	278,090	270,000
Construction in progress	65,504	3,187,155
	<b>29,047,820</b>	<b>26,008,789</b>
Less accumulated depreciation	13,762,533	13,668,279
<b>Net land, buildings and equipment</b>	<b>\$ 15,285,287</b>	<b>12,340,510</b>

Depreciation expense was \$773,479 and \$727,097 for the years ended December 31, 2024 and 2023, respectively.

## BOYS AND GIRLS CLUBS OF THE MIDLANDS

### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2024 AND 2023

#### 8. Intangible Assets

The Club has various agreements with area school districts whereby the Club contributed to the cost of construction of the facilities and was given occupancy and use rights of the property in exchange. If the agreements are terminated by the owners, a portion of the original cost, that decreases over time, will be refunded. The costs of facility use are being amortized over the expected term of the agreements based on the applicable termination payment schedules. The intangible assets related to the agreements with Omaha Public Schools (OPS), Millard School District (Millard), and Westside School District (Westside) are summarized below.

	Expiration Year	2024			2023
		Cost	Accumulated Amortization	Net	Net
OPS Mount View Elementary	2057	1,300,000	950,000	350,000	400,000
OPS Florence Elementary	2067	2,223,306	604,807	1,618,499	1,710,497
Millard Central Middle School	2067	3,524,946	1,004,936	2,520,010	2,667,614
Westside Westbrook Elementary	2043	4,464,991	637,242	3,827,749	4,062,732
OPS Bryan Middle School	2068	2,917,600	663,867	2,253,733	2,401,236
Other	2025	9,519	7,404	2,115	5,288
				<b>\$ 10,572,106</b>	<b>11,247,367</b>

Amortization expense was \$675,262 and \$559,656 for the years ended December 31, 2024 and 2023, respectively.

Amortization costs related to these intangible assets over the next five years is expected to be as follows:

2025	\$ 674,209
2026	672,092
2027	652,092
2028	617,438
2029	601,216
Thereafter	7,355,059
	<b>\$ 10,572,106</b>

#### 9. Debt

The Club has an unsecured \$600,000 revolving note payable with interest at the U.S. Prime Rate as published in the Wall Street Journal. The effective rate was 7.50% as of December 31, 2024. The agreement matures February 1, 2026. There was no outstanding balance at December 31, 2024 or 2023.

#### 10. Leasing Activities

The Club leases office equipment under two finance leases with remaining terms of approximately four and five years. The obligations are recorded at the present value of the minimum lease payments. The asset and liability were calculated using the discount rate implicit in the lease. The equipment is amortized over the life of the lease.

The following is a summary of equipment and components of lease expense under finance leases:

	2024	2023
Equipment	\$ 558,822	558,822
Accumulated amortization	(290,751)	(177,400)
	268,071	381,422
Amortization of right of use asset	113,352	113,352
Interest on lease liabilities	12,011	16,130

Continued

**BOYS AND GIRLS CLUBS OF THE MIDLANDS**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**

**10. Leasing Activities - Continued**

Other information related to leases was as follows for the years ending December 31:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases (Interest)	\$ 12,011	16,130
Financing cash flows from finance leases (Principal)	104,051	99,932
Weighted average remaining lease term:	2.44 years	3.42 years
Weighted average discount rate:	3.74%	3.86%

Minimum future payments under the leases are as follows:

	<u>Amount</u>
2025	\$ 116,062
2026	107,608
2027	49,004
Total undiscounted cash flows	<b>272,674</b>
Less: present value discount	(11,260)
<b>Total lease liability</b>	<b>\$ 261,414</b>

**11. Net Assets With Donor Restrictions**

Net assets with donor restrictions are as follows at December 31:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specific purpose:		
Capital campaign – Clubs and You	\$ 2,136,535	4,218,322
Capital campaign – Carter Lake Programs	270,260	6,700,998
	81,806	74,523
Subject to the passage of time:		
United Way	87,498	200,000
Operations	1,187,911	1,274,373
Subject to the Club’s spending policy and appropriation:		
Scholarships	5,922,069	5,654,396
Scholarship administration	20,452	155,509
Programs	1,011,350	861,210
Capital projects	207,746	245,764
Other	132,262	126,681
Endowment funds restricted in perpetuity	2,973,694	2,973,694
	<b>\$ 14,031,583</b>	<b>22,485,470</b>

The following restrictions were satisfied during the years ended:

	<u>2024</u>	<u>2023</u>
Purpose	\$ 9,782,579	1,897,172
Time	930,940	319,500
	<b>\$ 10,713,519</b>	<b>2,216,672</b>

Continued

**BOYS AND GIRLS CLUBS OF THE MIDLANDS**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**

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**12. Endowments**

**Interpretation of Relevant Law**

The Board of Directors of the Club has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) 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 Club classifies as net assets with donor restrictions (a) the original value of initial and subsequent gift amounts donated to the donor-restricted endowment funds, and (b) any accumulations to the donor-restricted endowment funds that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Club has interpreted NUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with NUPMIFA, the Club considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

BOYS AND GIRLS CLUBS OF THE MIDLANDS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

12. Endowments - Continued

Endowment Net Asset Composition by Type of Fund

	<u>December 31, 2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Perpetual in duration – original gift amount	\$ --	2,973,694	2,973,694
Other	--	7,085,719	7,085,719
Board-designated endowment funds	7,800,278	--	7,800,278
<b>Total funds</b>	<b>\$ 7,800,278</b>	<b>10,059,413</b>	<b>17,859,691</b>

	<u>December 31, 2023 (Restated)</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Perpetual in duration – original gift amount	\$ --	2,973,694	2,973,694
Other	--	7,010,329	7,010,329
Board-designated endowment funds	5,779,570	--	5,779,570
<b>Total funds</b>	<b>\$ 5,779,570</b>	<b>9,984,023</b>	<b>15,763,593</b>

Changes in Endowment Net Assets

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2022, as originally presented	\$ 6,585,341	7,582,466	14,167,807
Reclassification – perpetual in duration	(1,387,469)	1,387,469	--
<b>Endowment net assets, December 31, 2022, as restated</b>	<b>5,197,872</b>	<b>8,969,935</b>	<b>14,167,807</b>
Investment return, net	953,998	1,135,238	2,089,236
Contributions	12,720	320,901	333,621
Appropriation of endowment assets for expenditure	(385,020)	(442,051)	(827,071)
<b>Endowment net assets, December 31, 2023</b>	<b>5,779,570</b>	<b>9,984,023</b>	<b>15,763,593</b>
Investment return, net	909,304	973,060	1,882,364
Contributions	1,500,000	265,142	1,765,142
Appropriation of endowment assets for expenditure	(388,596)	(1,162,812)	(1,551,408)
<b>Endowment net assets, December 31, 2024</b>	<b>\$ 7,800,278</b>	<b>10,059,413</b>	<b>17,859,691</b>

Strategies Employed for Achieving Objectives

The Club protects assets and preserves purchasing power by earning a total rate of return for each category of funds appropriate to each category's time horizon, liquidity needs and risk tolerance. Funds designated as reserves have objectives that emphasize safety, liquidity and yield. Funds with a long-term horizon are managed with a long-term total return objective, which will build value at a rate of the Consumer Price Index plus 3%-5% depending on the asset mix of the portfolio. Assets committed to equity securities are maintained at approximately 60% of total assets, with the remaining 40% committed to fixed income securities. The Club allows for a 10% plus or minus variance with these percentages.

Continued

# BOYS AND GIRLS CLUBS OF THE MIDLANDS

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2024 AND 2023**

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### **12. Endowments – Continued**

#### **Spending Policy and How the Investment Objectives Relate to Spending Guidelines**

The Club sets an annual distribution rate up to 5% each year, to be determined through consultation between the Finance Committee and the administration of the Club. The spending rate will take into account the historic returns and forecasted economic conditions.

#### **Return Objectives and Risk Parameters**

The Club has adopted investment and spending guidelines for endowment assets that attempt to preserve the principal and purchasing power of the endowment fund. Under these guidelines, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that provide a return on investment consistent with the spending policy and sufficient to increase the long-term value of the fund net of inflation. The Club's investment goal of the endowment fund is to maintain a rate of return at least equal to the distribution rate plus a rate of return that varies depending on the type of investment. Actual returns in any given year may vary from this amount.

#### **Underwater Endowment Funds**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NUPMIFA requires the Club to retain as a fund of perpetual duration. These deficiencies may result from unfavorable market fluctuations that occurred after the investment of donor-restricted endowment funds and appropriation for programs that was deemed prudent by the Board of Directors. There were deficiencies of approximately \$19,700 as of December 31, 2024.

#### **Board Designations**

Board-designated endowment funds are presented as net assets without donor restrictions. These funds are designated to support operations as needed.

### **13. Retirement Plans**

Employees who have completed one year of service are eligible to participate in a defined contribution plan. Eligible employees may make elective contributions to the plan. The Club made discretionary contributions in 2024 and 2023 based on 5% of participant compensation. The Club also made mandatory matching contributions on employee deferrals up to 5% of compensation. Total Club contributions were \$262,468 and \$299,438 for 2024 and 2023, respectively.

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Continued

## BOYS AND GIRLS CLUBS OF THE MIDLANDS

### NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2024 AND 2023**

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#### 14. Contributions – nonfinancial assets

Contributions of nonfinancial assets recognized in the statement of activities were for services and property. These contributions were not monetized by the Club other than the donated vehicle; however, after donated items are accepted, the Club retains the right to dispose of a gift as it sees fit, unless another arrangement has been made with the donor. There were no donor-imposed restrictions on the contributions. The Club operates club locations at a number of schools within the Omaha Public, Millard Public and Westside Community school districts as discussed in the intangible asset disclosure (Note 8) and the summary of significant accounting and reporting policies (Note 1.E). Further in-kind contributions relate to professional fees provided at no charge to the Club.

	2024	2023	Utilization in Programs	Valuation Techniques and Inputs
Professional fees	\$ 34,750	16,000	Management and General	Estimated costs for services provided as received from legal representatives including a board member.
Use of building	948,507	934,424	Academic Success, Healthy Lifestyles, Character and Leadership, Management and General	Estimated values of utility and occupancy expenses based on actual costs and square footage of shared space.
Internet fees	404,057	404,057	Academic Success	Estimated based on actual costs paid in the prior year.
	<b>\$ 1,387,314</b>	<b>1,354,481</b>		

#### 15. Concentrations

The Club participates in federal and non-federal grant programs that are subject to review and audit by the grantor. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the Club.

The Club receives an annual award from the United Way. Notification of its award for July 2024 through June 2025 was received in June 2024. Subsequent funding is at the discretion of the United Way and is dependent on the United Way meeting its funding goals.

Grants receivable include approximately \$590,000 from one grantor. Indirect federal grant revenue includes approximately \$443,000 from two grantors and other grant revenue includes approximately \$1,451,000 from three grantors.

Pledges receivable include approximately \$650,000 from two foundations.

The Club regularly maintains cash balances in excess of FDIC insured limits.

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Continued

# BOYS AND GIRLS CLUBS OF THE MIDLANDS

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2024 AND 2023

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#### 16. Related Party Transactions

The Club has various service agreements with entities controlled by members of the Board of Directors. These agreements were entered into prior to the members' election to the Board or with complete disclosure of the relationship to the Board. In the current year, the Club contracted with an entity controlled by a board member for construction services of approximately \$33,000. In addition, revenues received from members of the Board of Directors are reflected in the statement of activities.

#### 17. Charles E. Lakin Human Services Campus

The Club and four other local not-for-profit entities are party to a cooperative agreement related to the construction and operation of the Charles E. Lakin Human Services Campus in Council Bluffs, Iowa. The Campus offers various services for low-income individuals, including housing, emergency assistance, shelter, parenting classes and afterschool activities. The agreement governs fund-raising, development and operations related to the Campus. A separate not-for-profit entity, Legacy Family Campus, Inc., holds title to the common Campus real property. Each agency is required to share in associated maintenance costs. The expenses incurred are paid through endowment fund earnings held by the Charles E. Lakin Campus Foundation. If costs exceed the earnings, assessments for the remaining costs are provided to each agency for payment. Each entity owns its respective buildings and the land upon which they are constructed.

#### 18. Prior Period Restatement

Subsequent to the issuance of the 2023 financial statements, management was made aware of an amendment to the BGCM Endowment Trust agreement which changed the presentation of the original gifts from unrestricted assets to donor restricted assets.

The resulting adjustments on the previously issued 2023 financial statements are as follows:

	As Originally Reported	Adjustment	Balance as Restated
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>YEAR ENDED DECEMBER 31, 2023</b>			
Net assets without donor restrictions – board-designated endowment	\$ 7,167,039	(1,387,469)	5,779,570
Total without donor restrictions	28,101,163	(1,387,469)	26,713,694
Total with donor restrictions	21,098,001	1,387,469	22,485,470
<b>STATEMENT OF ACTIVITIES</b>			
<b>YEAR ENDED DECEMBER 31, 2023</b>			
Net assets at beginning of year			
Without donor restrictions	\$ 28,162,267	(1,387,469)	26,774,798
With donor restrictions	17,017,756	1,387,469	18,405,225

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