

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES  
AND BOYS AND GIRLS CLUB OF  
THE TWIN CITIES FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED AUGUST 31, 2024 AND 2023**



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**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
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YEARS ENDED AUGUST 31, 2024 AND 2023**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Boys and Girls Clubs of the Twin Cities and  
Boys and Girls Club of the Twin Cities Foundation  
St. Paul, Minnesota

### Report on the Audit of the Consolidated Financial Statements

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation (the Organization), which comprise the consolidated balance sheets as of August 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation as of August 31, 2024 and 2023, and the changes in its net assets and 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.

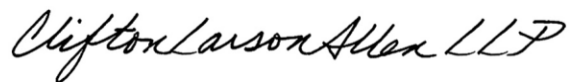
In performing an audit in accordance with GAAS, we:

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

Board of Directors  
Boys and Girls Club of the Twin Cities and  
Boys and Girls Club of the Twin Cities Foundation

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of activities following the notes to the consolidated financial statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 17, 2024

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATED BALANCE SHEETS  
AUGUST 31, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,557,048	\$ 1,417,130
Receivables	91,594	82,826
Pledges and Grants Receivable	2,556,675	869,179
Prepaid Expenses	154,382	97,959
Investments	10,896,046	10,807,880
Cash Surrender Value of Life Insurance Policies	175,700	162,000
Community Foundation Funds	213,240	202,981
Right-of-Use Asset	233,250	213,522
Fixed Assets - Net	12,248,888	11,013,158
Total Assets	\$ 28,126,823	\$ 24,866,635
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 457,370	\$ 204,886
Fiscal Agent Payable	388,853	333,794
Accrued Expenses	378,425	280,184
Line of Credit	-	365,410
Lease Liability	234,150	213,522
Notes Payable	373,144	420,202
Total Liabilities	1,831,942	1,817,998
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	9,972,632	7,418,236
Board-Designated	3,481,791	4,254,706
Total Without Donor Restrictions	13,454,423	11,672,942
With Donor Restrictions	12,840,458	11,375,695
Total Net Assets	26,294,881	23,048,637
Total Liabilities and Net Assets	\$ 28,126,823	\$ 24,866,635

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 6,695,556	\$ 888,642	\$ 7,584,198
In-Kind Contributions	1,456,139	448,260	1,904,399
Special Events, Net of Expenses of \$359,313	430,308	-	430,308
Grants and Contracts	3,145,821	60,052	3,205,873
Program Fees	85,923	770	86,693
Investment Gain	295,086	-	295,086
Change in Value of Split-Interest Agreements	-	13,700	13,700
Rental Income	8,130	-	8,130
Other Income	333	-	333
Net Assets Released from Restrictions:			
Operating	1,063,457	(1,063,457)	-
Total Operating Revenue, Gains, and Other Support	13,180,753	347,967	13,528,720
<b>EXPENSES</b>			
Program Services	9,243,670	-	9,243,670
Support Services:			
Administration	1,416,020	9,608	1,425,628
Fundraising	762,037	-	762,037
Total Support Services	2,178,057	9,608	2,187,665
Total Expenses	11,421,727	9,608	11,431,335
Change in Operating Net Assets	1,759,026	338,359	2,097,385
<b>NONOPERATING</b>			
Change in Value of Community Foundation	-	10,259	10,259
Capital Grants for Clubs	162,123	62,412	224,535
Investment Gain	-	1,053,733	1,053,733
Campaign Expenses	(139,668)	-	(139,668)
Net Assets Released from Restrictions:			
Capital	-	-	-
Change in Nonoperating Net Assets	22,455	1,126,404	1,148,859
<b>TOTAL CHANGE IN NET ASSETS</b>	1,781,481	1,464,763	3,246,244
Net Assets - Beginning of Year	11,672,942	11,375,695	23,048,637
<b>NET ASSETS - END OF YEAR</b>	\$ 13,454,423	\$ 12,840,458	\$ 26,294,881

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 3,619,571	\$ 340,959	\$ 3,960,530
In-Kind Contributions	194,100	-	194,100
Special Events, Net of Expenses of \$223,924	438,262	-	438,262
Grants and Contracts	1,606,252	6,667	1,612,919
Program Fees	95,325	1,099	96,424
Investment Gain	139,736		139,736
Change in Value of Split-Interest Agreements	-	12,400	12,400
Rental Income	20,438	-	20,438
Other Income	3,763	-	3,763
Net Assets Released from Restrictions:			
Operating	1,443,719	(1,443,719)	-
Total Operating Revenue, Gains, and Other Support	7,561,166	(1,082,594)	6,478,572
<b>EXPENSES</b>			
Program Services	8,081,023	-	8,081,023
Support Services:			
Administration	1,197,264	8,720	1,205,984
Fundraising	761,083	-	761,083
Total Support Services	1,958,347	8,720	1,967,067
Total Expenses	10,039,370	8,720	10,048,090
Change in Operating Net Assets	(2,478,204)	(1,091,314)	(3,569,518)
<b>NONOPERATING</b>			
Change in Value of Community Foundation	-	(2,576)	(2,576)
Capital Grants for Clubs	289,500	-	289,500
Investment Gain	-	348,650	348,650
Campaign Expenses	(16,000)	-	(16,000)
Net Assets Released from Restrictions:			
Capital	41,586	(41,586)	-
Change in Nonoperating Net Assets	315,086	304,488	619,574
<b>TOTAL CHANGE IN NET ASSETS</b>	(2,163,118)	(786,826)	(2,949,944)
Net Assets - Beginning of Year	13,836,060	12,162,521	25,998,581
<b>NET ASSETS - END OF YEAR</b>	\$ 11,672,942	\$ 11,375,695	\$ 23,048,637

See accompanying Notes to Consolidated Financial Statements.



**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2024**

	Support Services				Total
	Program Services	Administration	Fundraising	Total Support Services	
<b>OPERATING</b>					
Salaries and Wages	\$ 4,604,695	\$ 774,424	\$ 536,441	\$ 1,310,865	\$ 5,915,560
Payroll Taxes	353,212	49,662	39,230	88,892	442,104
Benefits	608,349	104,460	60,102	164,562	772,911
Total Personnel Costs	5,566,256	928,546	635,773	1,564,319	7,130,575
Utilities	357,464	11,864	11,637	23,501	380,965
Supplies	731,988	27,941	6,310	34,251	766,239
In-Kind Program Incentives	24,489	-	-	-	24,489
Insurance	154,571	5,877	5,514	11,391	165,962
Professional Fees	470,892	319,108	21,512	340,620	811,512
Maintenance and Repairs	342,606	31,752	30,744	62,496	405,102
Interest Expense	14,385	32,748	11,978	44,726	59,111
Staff Training	26,933	3,369	2,486	5,855	32,788
National and Regional Dues	56,079	507	2,066	2,573	58,652
Telephone	138,039	11,506	6,889	18,395	156,434
Rent	23,000	-	-	-	23,000
In-Kind Rent	98,570	-	-	-	98,570
Travel	82,994	30,551	7,564	38,115	121,109
Postage and Printing	36,497	3,739	14,358	18,097	54,594
Scholarships	201,967	3,500	-	3,500	205,467
Other	63,565	6,453	4,543	10,996	74,561
Total Before Depreciation	8,390,295	1,417,461	761,374	2,178,835	10,569,130
Depreciation	853,375	8,167	663	8,830	862,205
Total Operating	9,243,670	1,425,628	762,037	2,187,665	11,431,335
Comprehensive Campaign	-	-	139,668	139,668	139,668
Special Events	-	-	359,313	359,313	359,313
Total Expenses by Function	\$ 9,243,670	\$ 1,425,628	\$ 1,261,018	\$ 2,686,646	\$ 11,930,316

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2023**

	Support Services				Total
	Program Services	Administration	Fundraising	Total Support Services	
<b>OPERATING</b>					
Salaries and Wages	\$ 4,179,889	\$ 635,971	\$ 533,135	\$ 1,169,106	\$ 5,348,995
Payroll Taxes	344,518	45,277	40,539	85,816	430,334
Benefits	474,362	83,033	51,257	134,290	608,652
Total Personnel Costs	4,998,769	764,281	624,931	1,389,212	6,387,981
Utilities	385,553	14,043	15,393	29,436	414,989
Supplies	567,139	12,057	6,613	18,670	585,809
In-Kind Program Incentives	19,100	-	-	-	19,100
Insurance	137,012	6,757	6,475	13,232	150,244
Professional Fees	383,152	231,844	10,961	242,805	625,957
Maintenance and Repairs	295,774	25,896	29,508	55,404	351,178
Interest Expense	13,411	56,619	17,059	73,678	87,089
Staff Training	20,366	6,126	1,602	7,728	28,094
National and Regional Dues	50,825	1,094	696	1,790	52,615
Telephone	90,984	16,968	14,488	31,456	122,440
Rent	23,000	-	-	-	23,000
In-Kind Rent	74,720	-	-	-	74,720
Travel	65,901	23,888	10,742	34,630	100,531
Postage and Printing	28,463	3,127	18,886	22,013	50,476
Scholarships	86,971	3,500	-	3,500	90,471
Other	36,453	29,238	2,443	31,681	68,134
Total Before Depreciation	7,277,593	1,195,438	759,797	1,955,235	9,232,828
Depreciation	803,430	10,546	1,286	11,832	815,262
Total Operating	8,081,023	1,205,984	761,083	1,967,067	10,048,090
Comprehensive Campaign	-	-	16,000	16,000	16,000
Special Events	-	-	223,924	223,924	223,924
Total Expenses by Function	\$ 8,081,023	\$ 1,205,984	\$ 1,001,007	\$ 2,206,991	\$ 10,288,014

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Operating Net Assets	\$ 2,097,385	\$ (3,569,518)
Adjustments to Reconcile Change in Operating Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Nonoperating Activity	1,148,859	619,574
Depreciation	862,205	815,262
Amortization of Donated Building Lease	74,720	74,720
Donated Fixed Assets	(1,789,060)	(175,000)
Unrealized and Realized Gain on Investments	(886,881)	(139,222)
Change in Cash Surrender Value of Life Insurance Policies	(13,700)	(12,400)
Lease Liability	900	-
Change in Value of Community Foundation Assets	(10,259)	2,576
(Increase) Decrease in Current Assets:		
Receivables	(8,768)	(19,376)
Pledges and Grants Receivable	(1,687,496)	311,001
Prepaid Expenses and Other Current Assets	(56,423)	30,386
Increase (Decrease) in Current Liabilities:		
Accounts Payable	252,484	(150,965)
Fiscal Agent Payable	55,059	31,554
Accrued Expenses	98,241	68,422
Net Cash Provided (Used) by Operating Activities	137,266	(2,112,986)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Marketable Securities	(4,480,963)	(4,039,331)
Sales of Marketable Securities	5,279,678	6,913,890
Purchase of Fixed Assets	(383,595)	(547,872)
Net Cash Provided by Investing Activities	415,120	2,326,687
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of Notes Payable	(47,058)	(45,191)
Advances on Line of Credit	51,643	3,943,794
Payments on Line of Credit	(417,053)	(3,578,384)
Net Cash Provided (Used) by Financing Activities	(412,468)	320,219
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	139,918	533,920
Cash and Cash Equivalents - Beginning of Year	1,417,130	883,210
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,557,048	\$ 1,417,130
<b>SUPPLEMENTAL INFORMATION</b>		
Cash Paid for Interest	\$ 17,570	\$ 26,982
Right-of-Use Assets Obtained in Exchange for New Lease Liabilities	\$ 88,298	\$ 240,079

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Activities**

Boys and Girls Clubs of the Twin Cities (the Clubs) is a nonprofit organization which provides programs to build character for boys and girls, ages 6 through 18. These programs are provided through ten urban Twin Cities youth facilities and one camp facility located outside of the Twin Cities metropolitan area. Substantially all of the Clubs' activities are financed by public support.

Boys and Girls Club of the Twin Cities Foundation (the Foundation) was incorporated to, among other matters, advance, support, and promote the growth and development of the Clubs. In January 1986, the Clubs transferred all assets of the Living Memorial Endowment Fund and the Boys and Girls Clubs of Minneapolis Endowment Fund to the Foundation. In March 1998, the Clubs transferred \$98,113 to the Foundation to be used to fund scholarships. The Foundation has agreed to abide by all restrictions imposed by the donors as to the use of these funds and the related investment income.

The majority of members of the Foundation's board of directors are also members of the Clubs' board of directors. Because of this common control of the two entities, the accompanying financial statements present the balance sheet and activities of the Clubs and the Foundation on a consolidated basis.

The consolidated financial statements include the accounts of the Clubs and the Foundation (collectively referred to as the Organization). All significant transactions between the two entities have been eliminated.

**Basis of Presentation**

Net assets and revenues, gains and losses are classified based on 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 available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization has elected to present contributions with restrictions that are temporary in nature, which are fulfilled in the same time period, within the net asset without donor restrictions.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Nonoperating Income and Expense**

Nonoperating income and expense includes the investment income of the Foundation, the change in value of community foundation funds, gain, or loss on disposal of assets, and capital campaign activities.

**Estimates**

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Concentrations of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash deposits, receivables, and investments. The Organization maintains cash reserves and cash balances in one financial institution. At times, the amounts on deposit may exceed federally insured limits. With respect to investments, the Organization places its investments with one financial institution.

A contribution totaling \$3,000,000 was received from a single donor for the year ended August 31, 2024, which represents 40% of contributions. There were no contribution concentrations for the year ended August 31, 2023. Pledges and grants receivable of \$400,000 and \$330,587 were due from one and two donors for the years ended August 31, 2024 and 2023, respectively.

**Cash and Cash Equivalents**

The Organization considers all highly liquid securities purchased with an original maturity of 90 days or less to be cash equivalents.

**Accounts Receivable**

Receivables are stated at net realizable value. The Organization provides for losses on accounts receivable using the measurement of expected credit losses. Expected credit losses are established based on management's analysis of historical collection rates and reasonable expectations of future collection performance. The Organization periodically assesses its methodologies for estimating credit losses in consideration of actual experiences, trends, and changes in overall economic environment. The Organization has determined the current expected credit loss would be immaterial and therefore no amounts have been reflected in the statement of financial position for the year ended August 31, 2024 and 2023.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pledges and Grants Receivable**

Pledges and grants that are expected to be collected within one year are recorded at their net realizable value. Grants and pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until such time as the conditions are substantially met. An allowance of \$-0- has been recorded at August 31, 2024 and 2023.

**Investments**

The Organization carries its investments at market value and realized and unrealized gains and losses are reflected in the consolidated statements of activities. Mutual funds, real estate, and complementary strategies consist of equities mutual funds, real estate funds, and alternative funds carried at quoted market values. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets.

All investment income of the Clubs is included in operating income, and all investment income of the Foundation is included in nonoperating income.

**Capitalization Policy and Depreciation**

The Organization capitalizes land, buildings, and equipment in excess of \$1,000 cost per item. Facilities that are leased for rent below market rate are recorded at fair value and are recorded in net assets with donor restrictions. Donated fixed assets are capitalized at their fair market value or appraised value. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions. Costs of current repairs and minor replacements are charged to expense as incurred.

The Organization provides for depreciation of buildings and equipment on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and Leasehold Improvements	15 to 30 Years
Donated Building Use and Land Leases	50 Years
Furniture and Equipment	5 to 10 Years
Software and IT Equipment	3 Years
Vehicles	4 Years

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Grants and Contracts**

Governmental grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. As of August 31, 2024, the Organization had \$4,247,346 of available expenditures on existing government grants. This amount is considered to be conditional and will be recognized as revenue when eligible expenditures are incurred. Expenditures under governmental contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

**Contributions and Special Events**

Contributions, unconditional promises to give (pledges receivable), and other assets are recognized at fair values and are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When these restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. It is the Organization's policy to record contributions received with donor restrictions and expended in the same accounting period in net assets without donor restrictions.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$359,313 and \$223,924 for the years ended August 31, 2024 and 2023, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

**Donated Goods and Services**

Donated goods and services are valued at their fair market value and are presented as revenue and offsetting program costs.

**Functional Expenses**

The costs of programs and supporting services have been summarized on a functional basis. Salaries and related benefits are allocated based on department and employee job descriptions as well as estimated time spent on each program. All other costs are either allocated on a direct basis or are allocated on management's best estimate of usage.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status**

Both Organizations are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota statute. The Internal Revenue Service (IRS) determined the Organizations are not private foundations. The Organizations are public charities and contributions to the Organizations qualify as charitable tax deductions by the contributor.

The Organization follows guidance in the Accounting for Uncertainty in Income Taxes Standard. The Organization has no current obligation for unrelated business income tax.

**Fair Value Measurement**

The Organization accounts for its investments at fair value. The Organization has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets recorded on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

*Level 2* – Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes long/short funds, private equity, venture capital, hedge fund, and real assets.

**Leases**

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and finance leases are included in right-of-use (ROU) assets on the consolidated balance sheets.



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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the consolidated balance sheet.

**Adoption of New Accounting Standards**

The Organization has adopted Accounting Standards Updated (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization’s consolidated financial statements.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 17, 2024, the date the consolidated financial statements were available to be issued.

**NOTE 2 PLEDGES AND GRANTS RECEIVABLE**

Pledges and grants receivable consist of the following at August 31:

	2024		
	Clubs	Foundation	Total
Pledges and Grants Receivable Due Within One Year	\$ 2,556,675	\$ -	\$ 2,556,675
Pledges and Grants Receivable Due Within One to Five Years	-	-	-
Gross Pledges and Grants Receivable	2,556,675	-	2,556,675
Allowance for Uncollectible Pledges	-	-	-
Net Pledges and Grants Receivable	<u>\$ 2,556,675</u>	<u>\$ -</u>	<u>\$ 2,556,675</u>

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**NOTE 2 PLEDGES AND GRANTS RECEIVABLE (CONTINUED)**

	2023		
	Clubs	Foundation	Total
Pledges and Grants Receivable Due Within One Year	\$ 869,179	\$ -	\$ 869,179
Pledges and Grants Receivable Due Within One to Five Years	-	-	-
Gross Pledges and Grants Receivable	869,179	-	869,179
Allowance for Uncollectible Pledges	-	-	-
Net Pledges and Grants Receivable	<u>\$ 869,179</u>	<u>\$ -</u>	<u>\$ 869,179</u>

**NOTE 3 FIXED ASSETS**

Fixed assets consist of the following at August 31:

	2024	2023
	Clubs	Clubs
Land and Improvements	\$ 679,403	\$ 626,131
Building and Leasehold Improvements	18,844,377	18,812,668
Construction in Progress	20,877	-
Acquisition of Club	1,789,100	-
Donated Building Use and Land Lease	2,171,128	2,245,848
Furniture and Equipment	3,595,301	3,379,003
Subtotal	<u>27,100,186</u>	<u>25,063,650</u>
Accumulated Depreciation	(14,851,298)	(14,050,492)
Fixed Assets, Net	<u>\$ 12,248,888</u>	<u>\$ 11,013,158</u>

**NOTE 4 NOTES PAYABLE AND LINE OF CREDIT**

The following schedule of notes payable reflects the current value of outstanding loans at August 31:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Note Payable - \$611,688 fixed interest at 4.35%. Monthly principal and interest payments of \$6,319 for 59 months and one balloon payment at time of maturity. Loan secured by property and equipment. Note matures on May 20, 2031.	\$ 373,144	\$ 420,202
Total	<u>\$ 373,144</u>	<u>\$ 420,202</u>

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**NOTE 4 NOTES PAYABLE AND LINE OF CREDIT (CONTINUED)**

The future annual debt payments consist of the following:

<u>Year Ending August 31,</u>	<u>Amount</u>
2025	\$ 49,016
2026	51,042
2027	53,151
2028	57,633
2029	60,014
Thereafter	102,288
Total	<u>\$ 373,144</u>

The Organization entered into a business line of credit agreement with a limit of \$700,000. The agreement expires February 9, 2025. Interest on the line of credit is the financial institution's index plus .50%, with an interest rate of no less than 9% (9.5% at August 31, 2024) and is secured by a mortgage on certain property. Outstanding balance was \$0- and \$365,410 at August 31, 2024 and 2023, respectively.

**NOTE 5 LEASES**

On August 1, 1993, the city of St. Paul and the Boys and Girls Clubs entered into a 30-year lease with the option to renew the lease for two successive terms of 10 years for land for the East Side Club. The yearly rental rate is \$1. The fair value of this land was appraised at \$1,130,000. The value of the land usage had been recorded at fair market value at the date of donation and is being amortized over the 50-year lease term. Accumulated amortization as of August 31, 2024 and 2023 was \$702,482 and \$679,882, respectively. Rent expense was \$22,600 for 2024 and 2023.

On June 1, 1996, the Organization entered into a lease with the city of St. Paul for land for the West Side Club. The lease is a 30-year lease with the option to renew for two successive terms of 10 years. The yearly rental rate is \$1. The fair value of the property had been appraised at \$606,000. The value of the land usage has been recorded at fair market value and is being amortized over the 50-year term. Accumulated amortization as of August 31, 2024 and 2023 was \$342,390 and \$330,270, respectively. Rent expense was \$12,120 for 2024 and 2023.

During the year ended August 31, 2012, the Organization entered into a lease with the city of St. Paul for the building for the Mount Airy Club and Administrative Center. The lease is a 30-year lease with the option to renew for two successive terms of 10 years. The yearly rental rate is \$1. The fair value of the property had been estimated at \$2,000,000. The value of the building usage had been reflected as in-kind revenue in 2012 at its fair market value and is being amortized over the 50-year lease term. Accumulated amortization as of August 31, 2024 and 2023 was \$520,000 and \$480,000, respectively. Rent expense was \$40,000 for 2024 and 2023.

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**NOTE 5 LEASES (CONTINUED)**

On July 1, 2014, the Organization entered into a 10-year lease with the city of Minneapolis for the Phelps Park Building with an option to renew for two successive terms of five years each. The Organization exercised the first option and reached an agreement with the city of Minneapolis for the term to be extended through July 31, 2028. Rent expense was \$23,000 for 2024 and 2023.

**Lease Agreements – ASC 842**

The Organization lease equipment as well as certain office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029.

The following table provides the Organization’s right of use assets and lease liability for the year ended August 31:

	<u>2024</u>	<u>2023</u>
Right-of-Use Assets:		
Finance Leases, Net	<u>\$ 77,306</u>	<u>\$ -</u>
Operating Leases, Net	<u>\$ 155,944</u>	<u>\$ 213,522</u>
Lease Liabilities:		
Current:		
Finance Leases	\$ 16,521	\$ -
Operating Leases	39,714	37,717
Noncurrent:		
Finance Leases	61,685	-
Operating Leases	116,230	175,805
Total	<u>\$ 234,150</u>	<u>\$ 213,522</u>

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**NOTE 5 LEASES (CONTINUED)**

**Lease Agreements – ASC 842 (Continued)**

The following table provides quantitative information concerning the Organization's leases for the year ended August 31:

	<u>2024</u>	<u>2023</u>
Lease Costs:		
Amortization of Right-of-Use Assets	\$ 10,993	\$ -
Interest on Lease Liabilities	1,990	-
Operating Lease Costs	44,309	32,425
Variable Lease Cost	12,886	-
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 1,990	\$ -
Operating Cash Flows from Operating Leases	\$ 44,309	\$ 32,425
Financing Cash Flows from Finance Leases	\$ 10,092	\$ -
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 88,298	\$ -
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 240,079
Weighted-Average Remaining Lease Term - Finance Leases	4.4 Years	-
Weighted-Average Remaining Lease Term - Operating Leases	3.8 Years	5.3 Years
Weighted-Average Discount Rate - Finance Leases	3.84%	-
Weighted-Average Discount Rate - Operating Leases	3.43%	3.43%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, is as follows:

<u>Year Ending August 31,</u>	<u>Operating</u>	<u>Finance</u>	<u>Totals</u>
2025	\$ 44,309	\$ 19,170	\$ 63,479
2026	44,309	19,170	63,479
2027	44,309	19,170	63,479
2028	32,968	19,170	52,138
2029	-	8,214	8,214
Undiscounted Cash Flows	165,895	84,894	250,789
Less: Imputed Interest	(9,951)	(6,688)	(16,639)
Total Present Value	<u>\$ 155,944</u>	<u>\$ 78,206</u>	<u>\$ 234,150</u>

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**NOTE 6 EMPLOYEE BENEFIT PLAN**

The Clubs offer a tax-deferred annuity 403(b) plan to all eligible employees under which eligible employees may contribute 25% of their salary not to exceed annual IRS limitations. The Clubs match \$.50 for every \$1.00 of employee contributions up to 3% of the employees' salary. All employee contributions are fully vested. The Clubs' contributions vest 20% per year of eligible service after two years. Full vesting occurs after five years of eligible service. The pension expense was \$62,152 and \$54,705 for the years ended August 31, 2024 and 2023, respectively.

**NOTE 7 NET ASSETS**

**Without Donor Restrictions – Board-Designated**

The board of directors have designated by board action \$3,481,791 and \$4,254,706 to be used for an operating reserve and scholarships in 2024 and 2023, respectively. The net assets without donor restrictions – board designated consists of the following:

	2024 Clubs	2023 Clubs
Board-Designated Reserve	\$ 2,869,142	\$ 3,683,386
Boys and Girls Clubs Scholarships	148,954	153,872
Weinert Voyageur Scholarship	1,993	1,993
Lenzmeier Scholarships	188,776	142,099
Nigon Scholarship	45,093	62,635
KERICK Scholarships	102,483	97,966
Skovran Scholarships	2,000	6,000
BGCA Golf Scholarship	3,500	3,500
All Star HomeTeam Scholarships	119,850	103,255
Total	<u>\$ 3,481,791</u>	<u>\$ 4,254,706</u>

The scholarship funds were designated by the board to be used for post-secondary scholarships for Club members. Each year, members apply for the available scholarships and are awarded based on criteria set-up by the scholarship sponsor. The annual awards can be from \$500 to \$5,000.

Each year the funds are replenished by the sponsor based on the number of recipients each year.

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**NOTE 7 NET ASSETS (CONTINUED)**

**With Donor Restrictions**

Net assets with donor restrictions consist of the following donor restrictions:

	2024		
	Clubs	Foundation	Total
Subject to Expenditure for Specified Purpose or Period of Time:			
Donated Building Lease	\$ 2,552,428	\$ -	\$ 2,552,428
Donor Advisory Fund	-	7,519	7,519
Voyageur Camp Operations	156,047	-	156,047
Capital Campaign Contributions	28,141	-	28,141
Cash Surrender Value of Life Insurance	-	175,700	175,700
Other Time and Program Restrictions	1,168,379	-	1,168,379
Total	<u>3,904,995</u>	<u>183,219</u>	<u>4,088,214</u>
Subject to Foundation Endowment Spending Policy and Appropriation	-	799,021	799,021
Original Donor-Restricted Endowment Amount and Amounts Required to be Maintained in Perpetuity by Donor:			
Scholarship	5,580	-	5,580
Endowment Fund	-	7,734,403	7,734,403
Community Foundation (Note 12)	-	213,240	213,240
Total	<u>5,580</u>	<u>7,947,643</u>	<u>7,953,223</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,910,575</u>	<u>\$ 8,929,883</u>	<u>\$ 12,840,458</u>

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**NOTE 7 NET ASSETS (CONTINUED)**

**With Donor Restrictions (Continued)**

	2023		
	Clubs	Foundation	Total
Subject to Expenditure for Specified Purpose or Period of Time:			
Donated Building Lease	\$ 2,245,848	\$ -	\$ 2,245,848
Donor Advisory Fund	-	6,955	6,955
Voyageur Camp Operations	94,135	-	94,135
Capital Campaign Contributions	28,141	-	28,141
Cash Surrender Value of Life Insurance	-	162,000	162,000
Other Time and Program Restrictions	728,547	-	728,547
Total	<u>3,096,671</u>	<u>168,955</u>	<u>3,265,626</u>
Subject to Foundation Endowment Spending Policy and Appropriation	-	167,105	167,105
Original Donor-Restricted Endowment Amount and Amounts Required to be Maintained in Perpetuity by Donor:			
Scholarship	5,580	-	5,580
Endowment Fund	-	7,734,403	7,734,403
Community Foundation (Note 12)	-	202,981	202,981
Total	<u>5,580</u>	<u>7,937,384</u>	<u>7,942,964</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,102,251</u>	<u>\$ 8,273,444</u>	<u>\$ 11,375,695</u>

**Net Assets Released from Restrictions**

Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2024		
	Clubs	Foundation	Total
Land Usage	\$ 74,720	\$ -	\$ 74,720
Other Time and Program Restrictions	577,092	411,645	988,737
Subtotal - Operating	651,812	411,645	1,063,457
Capital Expenditures	-	-	-
Total Releases	<u>\$ 651,812</u>	<u>\$ 411,645</u>	<u>\$ 1,063,457</u>
	2023		
	Clubs	Foundation	Total
Land Usage	\$ 74,720	\$ -	\$ 74,720
Other Time and Program Restrictions	958,762	410,237	1,368,999
Subtotal - Operating	1,033,482	410,237	1,443,719
Capital Expenditures	41,586	-	41,586
Total Releases	<u>\$ 1,075,068</u>	<u>\$ 410,237</u>	<u>\$ 1,485,305</u>



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**NOTE 8 FAIR VALUE MEASUREMENTS**

The Organization use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization value all other assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

Assets measured at fair value on a recurring basis at August 31:

	2024			Total
	Level 1	Level 2	Level 3	
Investments:				
Bond Mutual Funds	\$ 457,804	\$ -	\$ -	\$ 457,804
Mutual Funds - Equities	4,955,935	-	-	4,955,935
Real Estate Securities	478,448	217,326	-	695,774
Complementary Strategies	727,532	-	-	727,532
Municipal Obligations	-	274,606	-	274,606
Government Obligations	-	809,293	-	809,293
Corporate Obligations	-	2,947,702	-	2,947,702
Subtotal Investments	<u>6,619,719</u>	<u>4,248,927</u>	-	<u>10,868,646</u>
Cash and Cash Equivalents	-	-	-	27,400
Community Foundation Funds	-	-	213,240	213,240
Total	<u>\$ 6,619,719</u>	<u>\$ 4,248,927</u>	<u>\$ 213,240</u>	<u>\$ 11,109,286</u>

	2023			Total
	Level 1	Level 2	Level 3	
Investments:				
Bond Mutual Funds	\$ 199,872	\$ -	\$ -	\$ 199,872
Mutual Funds - Equities	4,563,709	-	-	4,563,709
Real Estate Securities	481,239	229,672	-	710,911
Complementary Strategies	560,658	-	-	560,658
Government Obligations	-	1,238,958	-	1,238,958
Corporate Obligations	-	3,395,287	-	3,395,287
Subtotal Investments	<u>5,805,478</u>	<u>4,863,917</u>	-	<u>10,669,395</u>
Cash and Cash Equivalents	-	-	-	138,485
Community Foundation Funds	-	-	202,981	202,981
Total	<u>\$ 5,805,478</u>	<u>\$ 4,863,917</u>	<u>\$ 202,981</u>	<u>\$ 11,010,861</u>

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**NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 3 Assets**

The following tables provide summary of changes in fair value of the Organization's Level 3 financial assets for the years ended August 31:

	2024	
	Community Foundation Funds	Total
	Balance - September 1, 2023	\$ 202,981
Investment Activity:		
Investment Income	16,651	16,651
Interest and Dividends	3,494	3,494
Disbursements:		
Grants Paid	(8,106)	(8,106)
Administrative Fees	(1,780)	(1,780)
Balance - August 31, 2024	\$ 213,240	\$ 213,240
	2023	
	Community Foundation Funds	Total
Balance - September 1, 2022	\$ 205,557	\$ 205,557
Investment Activity:		
Investment Income	3,442	3,442
Interest and Dividends	3,774	3,774
Disbursements:		
Grants Paid	(8,029)	(8,029)
Administrative Fees	(1,763)	(1,763)
Balance - August 31, 2023	\$ 202,981	\$ 202,981

Community Foundation Funds are valued at fair value using the underlying assets of the fund or trust and the Organization's portion. There were no changes in valuation techniques and related inputs from the prior year.

**NOTE 9 ENDOWMENTS**

The Organization have donor-restricted endowment funds established for the purpose of securing the Organization's long-term financial viability and continuing to meet the operational needs of the Organization. As required by GAAP, net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors of both organizations have interpreted the state's Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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.

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**NOTE 9 ENDOWMENTS (CONTINUED)**

As a result of this interpretation, management of the Organization retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization rely on a total return strategy called Balanced: Appreciation Biased. This strategy places a primary emphasis on potential capital appreciation through the use of a diversified selection of stocks and a very important secondary emphasis on current income through the use of bonds and stock dividends.

**Return Objectives and Risk Parameters**

The Organization have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Clubs' programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark while assuming a moderate level of investment risk. The Organization expect its endowment funds, over time, to generate a total return which exceeds the annual payout to the Clubs plus reasonable expenses for custody and investment management plus the rate of inflation as measured by CPI over a market cycle.

**Spending Policy**

The spending policy of the Foundation was updated in April 2016 after the Foundation received a court order to consolidate all endowment funds into one fund and to adopt a spending policy for the new fund as a whole. The distribution value is now an amount equal to 5% of the fund's average of the fair market value of the fund of the preceding 12 quarters as of the close of June 30 each year. The fund's market value shall be based upon all assets in the fund including principal and retained earnings and determined as of the last business day of the quarter.

This is consistent with the Organization's objective to generate a total return which exceeds the annual payout to the Clubs plus reasonable expenses for custody and investment management plus the rate of inflation as measured by CPI over a market cycle.

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**NOTE 9 ENDOWMENTS (CONTINUED)**

**Spending Policy (Continued)**

Changes in endowment net assets for the years ended August 31 were as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - September 1, 2023	\$ -	\$ 7,901,508	\$ 7,901,508
Investment Return:			
Investment Income	-	334,441	334,441
Net Realized and Unrealized Gains	-	773,568	773,568
Total Investment Return	-	1,108,009	1,108,009
Contributions	-	-	-
Appropriations of Endowment Assets for Expenditure	-	(476,093)	(476,093)
Endowment Net Assets - August 31, 2024	<u>\$ -</u>	<u>\$ 8,533,424</u>	<u>\$ 8,533,424</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - September 1, 2022	\$ -	\$ 7,971,751	\$ 7,971,751
Investment Return:			
Investment Income	-	273,212	273,212
Net Realized and Unrealized Gains	-	124,707	124,707
Total Investment Return	-	397,919	397,919
Contributions	-	-	-
Appropriations of Endowment Assets for Expenditure	-	(468,162)	(468,162)
Endowment Net Assets - August 31, 2023	<u>\$ -</u>	<u>\$ 7,901,508</u>	<u>\$ 7,901,508</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. As of August 31, 2024, funds with original gift values of \$75,756 and fair values of \$58,212 and deficiencies of \$17,543 were reported in net assets with donor restrictions. As of August 31, 2023, funds with original gift values of \$2,997,801 and fair values of \$2,879,534 and deficiencies of \$118,267 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations in the endowment fund's investments and continued appropriations that were deemed prudent by the board of directors.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2024 AND 2023**

**NOTE 10 DONATED GOODS AND SERVICES**

Donated materials, services and buildings and improvements have been valued at their estimated fair value which have been provided by donors or are estimated based on current rates for similar goods or services. The value of donated materials and services included in the consolidated financial statements and the corresponding expenditures are as follows:

	2024		
	Clubs	Foundation	Total
In-Kind Revenue:			
Donated Supplies and Tickets	\$ 24,489	\$ -	\$ 24,489
Donated Services	90,810	-	90,810
Donated Buildings and Improvements	1,789,100	-	1,789,100
Total	<u>\$ 1,904,399</u>	<u>\$ -</u>	<u>\$ 1,904,399</u>
In-Kind Expenses:			
Program Supplies and Tickets	\$ 24,489	\$ -	\$ 24,489
Rent (See Note 5)	98,570	-	98,570
Donated Services	23,850	-	23,850
Total	<u>\$ 146,909</u>	<u>\$ -</u>	<u>\$ 146,909</u>
Fixed Assets	<u>\$ 1,789,100</u>	<u>\$ -</u>	<u>\$ 1,789,100</u>
	2023		
	Clubs	Foundation	Total
In-Kind Revenue:			
Donated Supplies and Tickets	\$ 1,775	\$ -	\$ 1,775
Donated Furniture and Equipment	17,325	-	17,325
Donated Buildings and Improvements	175,000	-	175,000
Total	<u>\$ 194,100</u>	<u>\$ -</u>	<u>\$ 194,100</u>
In-Kind Expenses:			
Program Supplies and Tickets	\$ 1,775	\$ -	\$ 1,775
Rent (See Note 5)	74,720	-	74,720
Donated Services	17,325	-	17,325
Total	<u>\$ 93,820</u>	<u>\$ -</u>	<u>\$ 93,820</u>
Fixed Assets	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>

**NOTE 11 RELATED PARTIES**

The Clubs are required to pay dues to the Boys and Girls Clubs of America. The dues for 2024 and 2023 were \$22,137 and \$19,674, respectively. The Clubs also received \$504,566 and \$467,065 of grants from the National organization in 2024 and 2023, respectively.

Contributions totaling \$337,251 and \$338,251 were received from board members during the years ended August 31, 2024 and 2023, respectively.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2024 AND 2023**

**NOTE 12 COMMUNITY FOUNDATION FUNDS**

The St. Paul Foundation holds and administers funds totaling \$1,468,752 and \$1,398,082 for the years ended August 31, 2024 and 2023, respectively, of donor-advised contributions from individuals to the St. Paul Foundation for the benefit of the Boys and Girls Clubs of the Twin Cities. The Organization’s agreement with the Foundation requires that the principal be maintained in four separate advised funds with the income available for distribution to Boys and Girls Clubs of the Twin Cities subject to the St. Paul Foundation’s board of trustees approval and subject to their “variance powers” to redirect such gifts.

The four funds held assets as of August 31 as follows:

	2024	2023
Camping Scholarships	\$ 156,368	\$ 148,845
Endowment Fund	887,971	845,243
Facilities Maintenance Fund	211,173	201,013
Subtotal St. Paul Foundation Net Asset	1,255,512	1,195,101
Endowment Fund - Foundation Net Assets	213,240	202,981
Total Held by St. Paul Foundation	\$ 1,468,752	\$ 1,398,082

The four donor-advised funds were set up at the St. Paul Foundation for the following purposes:

- Camping – designated for camp scholarships
- Endowment – designated for general support
- Facilities – designated for on-going maintenance at the Club’s facilities
- Endowment – Foundation Net Assets – designated for general support

The amount received each year from the funds are based on the spending rate determined by the St. Paul Foundation based on their spending policy. To stabilize the annual distribution amount, the annual spending rate will not be less than 4.25% or more than 5.5% of a fund’s current market rate. The amount distributed each year is calculated in the first quarter of each year with December 31 of the previous year as the last measurement point.

The portion of the endowment fund recorded as net assets by the Foundation represents the amount contributed by the Foundation to St. Paul Foundation for its own benefit. Total contributions received from the St. Paul Foundation for the years ended August 31, 2024 and 2023 were \$2,869,142 and \$55,152, respectively.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2024 AND 2023**

**NOTE 13 LIQUIDITY AND AVAILABILITY**

Based on the analysis of its revenue cycle and according to its financial policies, the Clubs' goal is to maintain a minimum operating reserve of 30 days, with the value calculated as no less than one twelfth of the budgeted annual operating expenses.

Operating Reserve Required per Policy - 30 Days

Budgeted Annual Operating Expenses FY2024	<u>\$ 10,019,369</u>
One Twelfth of the Budgeted Operating Expenses FY2024	<u>\$ 834,947</u>

The reserve itself consists of those assets without restrictions: cash, receivables, and pledges and grants receivable. The portion of assets with donor restrictions included in the reserve is an estimate of funds likely to be released from restrictions within one year.

	<u>Clubs</u>	<u>Foundation</u>
Cash	\$ 1,043,007	\$ 514,041
Receivables	91,594	-
Pledges and Grants Receivable	2,556,675	-
Transfer to/(from) BGCTC Foundation	514,041	(514,041)
Total	<u>\$ 4,205,317</u>	<u>\$ -</u>

In addition, the board of directors has also designated \$2,869,142 as an operating reserve that can be used to meet general expenditures as necessary.

**NOTE 14 SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 17, 2024, the date the consolidated financial statements were available to be issued.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATING BALANCE SHEET  
AUGUST 31, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Clubs</u>	<u>Foundation</u>	<u>Consolidated Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,043,007	\$ 514,041	\$ 1,557,048
Receivables	91,594	-	91,594
Pledges and Grants Receivable	2,556,675	-	2,556,675
Prepaid Expenses	154,382	-	154,382
Investments	2,869,142	8,026,904	10,896,046
Cash Surrender Value of Life Insurance Policies	-	175,700	175,700
Community Foundation Funds	-	213,240	213,240
Right-of-Use Asset	233,250	-	233,250
Fixed Assets, Net of Accumulated Depreciation of \$14,851,298	<u>12,248,888</u>	<u>-</u>	<u>12,248,888</u>
Total Assets	<u>\$ 19,196,938</u>	<u>\$ 8,929,885</u>	<u>\$ 28,126,823</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 457,370	\$ -	\$ 457,370
Fiscal Agent Payable	388,853	-	388,853
Accrued Expenses	378,425	-	378,425
Line of Credit	-	-	-
Lease Liability	234,150	-	234,150
Notes Payable	<u>373,144</u>	<u>-</u>	<u>373,144</u>
Total Liabilities	1,831,942	-	1,831,942
<b>NET ASSETS</b>			
Without Donor Restrictions:			
Undesignated	9,972,630	2	9,972,632
Board-Designated	<u>3,481,791</u>	<u>-</u>	<u>3,481,791</u>
Total Without Donor Restrictions	13,454,421	2	13,454,423
With Donor Restrictions	<u>3,910,575</u>	<u>8,929,883</u>	<u>12,840,458</u>
Total Net Assets	<u>17,364,996</u>	<u>8,929,885</u>	<u>26,294,881</u>
Total Liabilities and Net Assets	<u>\$ 19,196,938</u>	<u>\$ 8,929,885</u>	<u>\$ 28,126,823</u>



**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2024  
(SEE INDEPENDENT AUDTIORS' REPORT)**

	Clubs			Total
	Without Donor Restrictions - Undesignated	Board- Designated	With Donor Restrictions	
<b>OPERATING REVENUE, GAINS, AND OTHER SUPPORT</b>				
Contributions	\$ 6,639,730	\$ -	\$ 888,642	\$ 7,528,372
In-Kind Contributions	1,456,139	-	448,260	1,904,399
Special Events, Net of Expenses of \$359,313	430,308	-	-	430,308
Grants and Contracts	3,145,821	-	60,052	3,205,873
Program Fees	85,923	-	770	86,693
Investment Gain	295,086	-	-	295,086
Change in Value of Split-Interest Agreements	-	-	-	-
Rental Income	8,130	-	-	8,130
Other Income	333.00	-	-	333
Net Assets Released from Restrictions:				
Operating	651,812	-	(651,812)	-
Total Operating Revenue, Gains, and Other Support	<u>12,713,282</u>	<u>-</u>	<u>745,912</u>	<u>13,459,194</u>
<b>EXPENSES</b>				
Program Services	9,243,670	-	-	9,243,670
Support Services:				
Administration	1,416,020	-	-	1,416,020
Fundraising	762,037	-	-	762,037
Total Support Services	<u>2,178,057</u>	<u>-</u>	<u>-</u>	<u>2,178,057</u>
Total Expenses	<u>11,421,727</u>	<u>-</u>	<u>-</u>	<u>11,421,727</u>
Change in Operating Net Assets	1,291,555	-	745,912	2,037,467
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Change in Value of Community Foundation	-	-	-	-
Capital Grants for Clubs	162,123	-	62,412	224,535
Investment Gain	-	-	-	-
Campaign Expenses	(139,668)	-	-	(139,668)
Net Assets Released from Restrictions:				
Capital	-	-	-	-
Change in Nonoperating Net Assets	<u>22,455</u>	<u>-</u>	<u>62,412</u>	<u>84,867</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>	1,314,010	-	808,324	2,122,334
<b>OTHER CHANGES IN NET ASSETS</b>				
Transfers (to) from Clubs/Foundation	467,469	-	-	467,469
Transfer of Designated Funds	772,915	(772,915)	-	-
<b>CHANGE IN NET ASSETS</b>	2,554,394	(772,915)	808,324	2,589,803
Net Assets - Beginning of Year	<u>7,418,236</u>	<u>4,254,706</u>	<u>3,102,251</u>	<u>14,775,193</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 9,972,630</u>	<u>\$ 3,481,791</u>	<u>\$ 3,910,575</u>	<u>\$ 17,364,996</u>

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION (CONTINUED)  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Foundation			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total		
<b>OPERATING REVENUE, GAINS, AND OTHER SUPPORT</b>					
Contributions	\$ 55,826	\$ -	\$ 55,826	\$ -	\$ 7,584,198
In-Kind Contributions	-	-	-	-	1,904,399
Special Events, Net of Expenses of \$359,313	-	-	-	-	430,308
Grants and Contracts	-	-	-	-	3,205,873
Program Fees	-	-	-	-	86,693
Investment Gain	-	-	-	-	295,086
Change in Value of Split-Interest Agreements	-	13,700	13,700	-	13,700
Rental Income	-	-	-	-	8,130
Other Income	-	-	-	-	333
Net Assets Released from Restrictions:					
Operating	411,645	(411,645)	-	-	-
Total Operating Revenue, Gains, and Other Support	467,471	(397,945)	69,526	-	13,528,720
<b>EXPENSES</b>					
Program Services	-	-	-	-	9,243,670
Support Services:					
Administration	-	9,608	9,608	-	1,425,628
Fundraising	-	-	-	-	762,037
Total Support Services	-	9,608	9,608	-	2,187,665
Total Expenses	-	9,608	9,608	-	11,431,335
Change in Operating Net Assets	467,471	(407,553)	59,918	-	2,097,385
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Change in Value of Community Foundation	-	10,259	10,259	-	10,259
Capital Grants for Clubs	-	-	-	-	224,535
Investment Gain	-	1,053,733	1,053,733	-	1,053,733
Campaign Expenses	-	-	-	-	(139,668)
Net Assets Released from Restrictions:					
Capital	-	-	-	-	-
Change in Nonoperating Net Assets	-	1,063,992	1,063,992	-	1,148,859
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>	467,471	656,439	1,123,910	-	3,246,244
<b>OTHER CHANGES IN NET ASSETS</b>					
Transfers (to) from Clubs/Foundation	(467,469)	-	(467,469)	-	-
Transfer of Designated Funds					
<b>CHANGE IN NET ASSETS</b>	2	656,439	656,441	-	3,246,244
Net Assets - Beginning of Year	-	8,273,444	8,273,444	-	23,048,637
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2</u>	<u>\$ 8,929,883</u>	<u>\$ 8,929,885</u>	<u>\$ -</u>	<u>\$ 26,294,881</u>



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