



Boys & Girls Clubs of America and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Boys & Girls Clubs of America and Subsidiaries

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Years Ended December 31, 2023 and 2022

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Contents

Independent Auditor's Report	3-5
Consolidated Financial Statements	
Consolidated Statements of Financial Position	7
Consolidated Statements of Activities	8
Consolidated Statements of Cash Flows	9
Consolidated Statements of Functional Expenses	10-11
Notes to Financial Statements	12-34



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Independent Auditor’s Report

The Board of Governors
Boys & Girls Clubs of America

Opinion

We have audited the consolidated financial statements of Boys & Girls Clubs of America and its subsidiaries (the “Organization”), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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



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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BDO USA, P.C.

June 4, 2024

Consolidated Financial Statements

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statements of Financial Position

(in thousands)

December 31,	2023	2022
Assets		
Cash and cash equivalents	\$ 37,631	\$ 39,830
Investments	365,640	383,472
Assets held in custody for others	12,456	11,970
Membership dues, net	1,253	402
Grants receivable, net	19,308	10,124
Contributions receivable, net	50,944	55,139
Assets held in deferred compensation accounts	1,961	1,471
Split interest agreements	2,934	2,330
Land, buildings, and equipment, net	27,453	28,973
Right-of-use assets	2,732	1,629
Other assets	5,559	6,574
Total assets	\$ 527,871	\$ 541,914
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 57,479	\$ 27,192
Obligations for custodial funds	12,456	11,970
Liability under deferred compensation agreements	1,961	1,471
Lease liabilities	2,909	1,711
Annuities payable	2,654	1,993
Total liabilities	77,459	44,337
Net assets:		
Without donor restrictions	178,607	199,671
With donor restrictions	271,805	297,906
Total net assets	450,412	497,577
Total liabilities and net assets	\$ 527,871	\$ 541,914

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statements of Activities

(in thousands)

Years Ended December 31,	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets:						
Revenue, gains, and other support:						
Contributions of financial assets	\$ 30,121	\$ 103,997	\$ 134,118	\$ 38,238	\$ 120,909	\$ 159,147
Contributions of nonfinancial assets	1,411	-	1,411	1,587	-	1,587
Government grants and contracts (includes pass through to clubs for 2023 and 2022 of \$134,161 and \$132,779, respectively)	143,535	3,660	147,195	155,115	12,019	167,134
Income from funds held in trust by others	-	1,830	1,830	-	1,659	1,659
Fund-raising events:						
Revenue generated	6,414	1,379	7,793	8,940	169	9,109
Less direct operating costs	(3,215)	-	(3,215)	(3,203)	-	(3,203)
Fund-raising events revenue in excess of direct costs	3,199	1,379	4,578	5,737	169	5,906
Member organization dues	17,344	-	17,344	14,454	-	14,454
Investment return (loss), net	16,557	12,081	28,638	(15,644)	(16,793)	(32,437)
Other revenues	4,733	65	4,798	1,273	(36)	1,237
Total revenue and gains	216,900	123,012	339,912	200,760	117,927	318,687
Net assets released from restrictions:						
Satisfaction of program restrictions	149,078	(149,078)	-	125,901	(125,901)	-
Expirations of time restrictions	35	(35)	-	1,493	(1,493)	-
Total net assets released from restrictions	149,113	(149,113)	-	127,394	(127,394)	-
Total revenue, gains, and other support	366,013	(26,101)	339,912	328,154	(9,467)	318,687
Expenses and losses:						
On-site assistance to member clubs and establishment of new clubs	159,993	-	159,993	118,738	-	118,738
Leadership training, development, and support of youth programs	190,568	-	190,568	156,001	-	156,001
Management and general	21,666	-	21,666	18,874	-	18,874
Fund-raising	14,850	-	14,850	15,781	-	15,781
Total expenses and losses	387,077	-	387,077	309,394	-	309,394
Change in net assets	(21,064)	(26,101)	(47,165)	18,760	(9,467)	9,293
Net assets at beginning of year	199,671	297,906	497,577	180,911	307,373	488,284
Net assets at end of year	\$ 178,607	\$ 271,805	\$ 450,412	\$ 199,671	\$ 297,906	\$ 497,577

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statements of Cash Flows

(in thousands)

<i>Years Ended December 31,</i>	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ (47,165)	\$ 9,293
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,299	1,937
Net realized and unrealized loss on investments	27,709	33,145
Contributions of non-financial assets	(1,411)	(1,587)
Loss from disposal of property and equipment	93	1,204
Change in membership dues receivable	(851)	559
Change in grants receivable	(9,184)	6,682
Change in contributions receivable, net	4,195	15,071
Change in split interest agreements	(604)	491
Change in other assets	1,015	(1,958)
Change in right of use assets	(1,103)	(1,629)
Change in accounts payable and accrued expenses	30,287	(20,141)
Change in annuities payable	803	(417)
Change in lease liabilities	1,198	1,711
Net cash provided by operating activities	7,281	44,361
Cash Flows from Investing Activities:		
Proceeds from sales of investments	28,397	15,958
Purchases of investments	(36,864)	(44,503)
Purchases of property and equipment	(871)	(4,277)
Net cash used in investing activities	(9,338)	(32,822)
Cash Flows from Financing Activities:		
Payments to life income beneficiaries	(142)	(127)
Net cash used in financing activities	(142)	(127)
Net (decrease) increase in cash and cash equivalents	(2,199)	11,412
Cash and cash equivalents at beginning of year	39,830	28,418
Cash and cash equivalents at end of year	\$ 37,631	\$ 39,830
Supplemental disclosure:		
Cash paid for taxes	\$ 168	\$ 696
In-kind gifts - investments	1,411	1,564
Restricted cash and cash equivalents	2,876	-

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statement of Functional Expenses

(in thousands)

<i>Year Ended December 31, 2023</i>	Program Services			Supporting Services				Total Expenses
	Assistance to Member Clubs and Establishment of New Clubs	Leadership Training, Development, and Support of Youth Programs	Total Program Services	Management and General	Fund-raising	Total Supporting Services		
Salaries	\$ 39,545	\$ 12,159	\$ 51,704	\$ 8,422	8,612	\$ 17,034	\$ 68,738	
Benefits	6,840	2,167	9,007	2,018	1,185	3,203	12,210	
Payroll taxes	2,965	889	3,854	366	607	973	4,827	
Total salaries and related expenses	49,350	15,215	64,565	10,806	10,404	21,210	85,775	
Contractual services	24,720	11,481	36,201	5,619	1,542	7,161	43,362	
Supplies	2,067	2,484	4,551	256	142	398	4,949	
Telephone	647	429	1,076	93	131	224	1,300	
Postage and shipping	1,302	19	1,321	72	19	91	1,412	
Occupancy	1,068	204	1,272	1,528	370	1,898	3,170	
Printing and artwork	1,260	232	1,492	140	36	176	1,668	
Travel	4,454	1,034	5,488	405	650	1,055	6,543	
Training conferences	2,472	1,930	4,402	1,268	280	1,548	5,950	
Membership dues	39	2	41	40	64	104	145	
Passthrough funds to member orgs	70,131	156,696	226,827	1	530	531	227,358	
Miscellaneous	1,429	530	1,959	503	286	789	2,748	
Depreciation and amortization	1,054	312	1,366	537	396	933	2,299	
Bad Debt Expense	-	-	-	398	-	398	398	
Total expenses	\$ 159,993	\$ 190,568	\$ 350,561	\$ 21,666	\$ 14,850	\$ 36,516	\$ 387,077	

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statement of Functional Expenses

(in thousands)

<i>Year Ended December 31, 2022</i>	Program Services			Supporting Services				Total Expenses
	Assistance to Member Clubs and Establishment of New Clubs	Leadership Training, Development, and Support of Youth Programs	Total Program Services	Management and General	Fund-raising	Total Supporting Services		
Salaries	\$ 33,206	\$ 9,367	\$ 42,573	\$ 7,856	7,501	\$ 15,357	\$ 57,930	
Benefits	5,708	1,592	7,300	1,297	1,111	2,408	9,708	
Payroll taxes	2,434	682	3,116	312	526	838	3,954	
Total salaries and related expenses	41,348	11,641	52,989	9,465	9,138	18,603	71,592	
Contractual services	17,883	5,515	23,398	6,210	3,472	9,682	33,080	
Supplies	2,635	2,550	5,185	228	118	346	5,531	
Telephone	606	161	767	243	135	378	1,145	
Postage and shipping	247	21	268	64	753	817	1,085	
Occupancy	1,159	234	1,393	1,142	366	1,508	2,901	
Printing and artwork	259	96	355	99	656	755	1,110	
Travel	3,584	627	4,211	282	403	685	4,896	
Training conferences	2,636	1,482	4,118	477	130	607	4,725	
Membership dues	47	4	51	46	72	118	169	
Passthrough funds to member orgs	46,585	133,085	179,670	-	-	-	179,670	
Miscellaneous	1,035	246	1,281	(86)	230	144	1,425	
Depreciation and amortization	714	339	1,053	576	308	884	1,937	
Bad Debt Expense	-	-	-	128	-	128	128	
Total expenses	\$ 118,738	\$ 156,001	\$ 274,739	\$ 18,874	\$ 15,781	\$ 34,655	\$ 309,394	

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

1. Summary of Significant Accounting Policies

Organization

Boys & Girls Clubs of America (“BGCA”) is a federally chartered, national organization that was formed to promote the health, social, educational, vocational, and character development of young people throughout the United States (“U.S.”). Through its national headquarters, one regional service center, and government relations office in Washington, D.C., BGCA:

- Develops innovative program services for young people;
- Assists community leaders to form new local member clubs;
- Provides training, management consulting, and resource materials to local member clubs;
- Promotes greater public and media awareness of local member club work; and
- Addresses legislative and public policy issues affecting young people.

The accompanying consolidated financial statements include the financial position and operating results of BGCA’s subsidiary alliance organizations located throughout the U.S., as well as three subsidiary entities that were organized in fiscal year 2020 for the specific management of investment, real estate, and intellectual property activities. The alliance organizations are organized under either Section 501(c)(4) or Section 501(c)(3) of the Internal Revenue Code and were formed primarily to meet certain state statutory reporting requirements. Certain members of BGCA’s senior management serve as members of the governing boards for certain of these alliance organizations. Such subsidiary organizations numbered 60 at December 31, 2023 and 2022. The three subsidiary entities formed in fiscal year 2020 are organized under Section 501(c)(3) of the Internal Revenue Code.

The accompanying consolidated financial statements do not include the financial position and operating results of local member clubs, each of which is an autonomous corporation organized under the laws of the jurisdiction in which it is located. Each local member club operates under a charter granted by BGCA and has its own independent board of directors, which controls the local Boys & Girls Club, its programs, and staff. BGCA, the national organization, does not exercise supervision, direction, or control of these chartered local member clubs.

Basis of Presentation

The consolidated financial statements of BGCA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U. S. GAAP”). The accounting policies of BGCA have been designed to conform to U.S. GAAP as applicable to not-for-profit organizations.

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

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of BGCA and/or the passage of time. This also includes net assets subject to donor-imposed stipulations that must be maintained permanently by BGCA. Generally, the donors of these assets permit BGCA to use all or part of the income earned on related investments for general or specific purposes.

BGCA reports contributions with donor restrictions, including those that were conditional in nature, as increases in net assets without donor restrictions if the conditions are met and the restrictions expire in the reporting period in which the revenue is recognized. BGCA reports contributions restricted by donors (that were unconditional in nature) as increases in net assets with donor restrictions. When the donor restriction expires on an unconditional contribution, the release is reported as net assets released from donor restrictions in the consolidated statement of activities.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of interest-bearing checking accounts, savings accounts, and investments with a maturity date of three months or less.

Revenue Recognition

BGCA recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration BGCA expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, BGCA combines it with other performance obligations until a distinct bundle of goods or services exists. Performance obligations are satisfied over time and the related revenue is recognized as services are rendered. BGCA management expects that the period between when BGCA transfers goods and services to their customers and when the customers pay for those goods and services will be one year or less. Therefore, BGCA elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Invoices resulting from BGCA's contracts with customers are generally due within 30 days of the invoice date.

Membership Organization Dues

BGCA enters into membership agreements with local Clubs to provide services that ultimately further the mission of BGCA yet provide reciprocal value to the Club. Membership services include the right to be identified with the Boys and Girls Clubs Movement, access to marketing and other materials, advocacy and government relations, leadership support and training, and access to conferences and the annual meeting of the National Council. BGCA considers general membership benefits to represent a bundle of promised goods and services available to Clubs throughout the period of membership in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-25-22.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

BGCA has a right to consideration from the Clubs in an amount that corresponds directly with the value provided to the Clubs of BGCA's performance completed to date. Membership dues are billed at the beginning of the membership year. The Clubs simultaneously receives and consumes the benefits provided by BGCA's performance obligations throughout the membership period. Therefore, BGCA recognizes revenues ratably over the one-year membership period. There are no unsatisfied performance obligations at the end of the membership period. Revenue related to membership agreements totaled \$17,344 and \$14,454 for the years ended December 31, 2023 and 2022, respectively, as reflected in the consolidated statement of activities.

Government Grants and Contracts

Grants awarded by federal agencies or passed through to BGCA from another donor that received funding from the U.S. federal government are accounted for as conditional contributions due to rights of return/release and barriers to entitlement to funds. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. U.S. Federal Grant revenue totaled \$147,195 and \$167,134 for the years ended December 31, 2023 and 2022, respectively.

Fund-Raising Events

BGCA holds fund-raising events and reports the revenues generated, net of any direct operating costs, as revenue, gains, and other support in the accompanying consolidated statements of activities (see note 13). Fund-raising revenue is recognized at fair value on the earlier of the receipt of cash or of an unconditional promise to give.

Contributions of Financial Assets

BGCA receives support from individuals, foundations, corporations, and other nonprofit organizations in support of BGCA's mission. Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, BGCA receives promises to give that have certain conditions such as meeting specific performance-related barriers or limiting BGCA's discretion on use of the funds. Other contributions may have revocable features to the promises to give. Such conditional promises to give are recognized when the conditions are substantially met. As of December 31, 2023, BGCA has \$2,876 of refundable advances recorded in accounts payable and accrued expenses. These refundable advances are a result of conditional promises where BGCA has not yet met the donor-imposed conditions. Revenue will be recognized once conditions have been met.

Contributions of Non-Financial Assets

Donated property, advertising and marketing materials and other noncash donations are recorded as contributions of non-financial assets (in-kind) at their estimated fair value at the date of donation. The estimated fair values of the advertisements are based on independent third-party valuations and reported as contributions of non-financial assets and program expense in the period in which the advertisements are run. Certain other contributions of non-financial assets have also been received and recorded at fair-market value in the period in which each contribution was made. There were no material contributions of non-financial assets during the years ended December 31, 2023 and 2022.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

State Alliance Custodial Accounts

In 2023, BGCA entered into an agreement with 3 state alliances to act as the custodian for their Daily Liquidity Accounts (DLA) totaling \$4,350 as of December 31, 2023. BGCA withdraws funds from the DLA accounts and sends payment to the alliances upon request from each alliance. The outstanding custodial balance is recorded in the accounts payable and accrued expenses on the statement of financial position at December 31, 2023.

Trusts and Bequests

Split interest (trust) contributions are only recorded when the agreement becomes irrevocable. BGCA's remainder value is revalued every year. Bequest contributions are recorded once the probate and legal processes are complete.

Investments

Investments are carried at fair value, with changes in fair value being recorded as investment return (loss). The fair value of publicly traded fixed income and equity securities is based upon quoted market prices. Fair values for private market investments and investments held through limited partnerships or commingled funds, are not as readily determinable. Fair value for these investments is established based on either external events, which substantiate a change in fair value, or a reasonable methodology that exists to identify and quantify changes in fair value. Fair value determinations for these investments require the use of estimates. Accordingly, such values may differ from the values that would have been used had a ready market for these investments existed. BGCA has estimated the fair value of certain investments in investment funds on the basis of the net asset value ("NAV") per share of the investment, as a practical expedient, if a) the underlying investment manager's calculation of NAV is fair value based, and b) the NAV has been calculated by the fund manager as of BGCA's fiscal year end date. Valuations provided by investment managers are evaluated by management, and management believes such values are reasonable estimates of fair value at December 31, 2023 and 2022 (see notes 3 and 16). Included in investments are certain assets that are being held for others and disbursed only on instructions of the person or organization from which they were received (see note 15).

Split Interest Agreements

BGCA's split interest agreements with donors consist primarily of gift annuity agreements and irrevocable charitable remainder trusts for which BGCA serves as trustee. Contribution revenue is recognized when trusts (or annuity agreements) are established, after recording liabilities for the present value of the estimated future payments to be made to beneficiaries. The liabilities are adjusted annually for changes in the values of assets, accretion of the discount and other changes in the estimates of future benefits.

BGCA is also the beneficiary of certain charitable lead trusts held and administered by others. The present values of the estimated future cash receipts from the trusts are recognized as an asset and contribution revenue at the date such trusts are established. The carrying values of the assets are adjusted annually for changes in the values of assets, accretion of the discount and other changes in the estimates of future benefits.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

Contributions Payable

Awards made to other organizations that are conditional in nature are not recorded as expenses until the condition has been satisfied. Payments made in advance to other organizations for which conditions have not yet been satisfied are classified as “third party advances” in the consolidated statements of financial position. As the conditions are satisfied, expenses are recorded in the consolidated statement of activities and the third-party advances are reduced. As of December 31, 2023 and 2022, BGCA did not make any payments in advance.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost at the date of acquisition or at fair value if acquired through donation. BGCA capitalizes expenditures for property and equipment in excess of \$5. Depreciation and amortization are calculated using the straight-line method over the applicable estimated useful lives.

Tax Status

BGCA is recognized as an organization exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. During 2023 and 2022, \$168 and \$696, respectively, was paid for income taxes. Management evaluated the Organization’s tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Taxes Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

BGCA’s subsidiary alliance organizations are exempt from Federal income taxes under either Section 501(c)(4) or Section 501(c)(3) of the Code.

Functional Allocation of Expenses

BGCA has summarized the costs of programs and supporting activities in the consolidated statements of activities and changes in net assets without donor restrictions. The expense analysis in the consolidated statement of functional expenses presents the natural classification detail of expenses by function. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or support function. The expenses include salaries and benefits which are allocated based on department and job classification, and management and general tasks. Expenses associated with human resources, information technology and occupying and maintaining facilities have been allocated to the respective functional area based on the headcount of employees. Expenses associated with marketing and communications have been allocated to the respective functional area based on effort. Other costs are classified in each functional category based on the underlying purpose of each transaction.

Concentration of Credit Risk

Credit risk represents the risk of loss attributable to possible nonperformance by donors and counterparties relative to the terms of agreements and contracts. Financial instruments that are

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

subject to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and certain receivables. In order to minimize credit risk in connection with cash equivalents and investments, BGCA invests in U.S. government securities, mutual funds, and other marketable securities. These investments are held by diverse, high-quality financial institutions. Cash and cash equivalent accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250. At December 31, 2023 and 2022, respectively, BGCA had \$14,936 and \$14,874 in excess of the FDIC insured limit.

Outstanding receivables include gifts from two donors on the Board of Governors that are approximately 20% and 10% of the net balance at December 31, 2023. There were no similar concentrations in pledges receivable at December 31, 2022.

Use of Estimates

The management of BGCA has made certain estimates and assumptions in the preparation of the consolidated financial statements in conformity with U.S. GAAP, including the allowance for uncollectible contributions receivable, the valuation of certain investment securities without readily determinable fair values, determining the depreciable lives of buildings and other long-lived assets, accrued expenses, annuities payable, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Leases

BGCA determines if an arrangement is a lease at inception, which conveys BGCA’s right to control the use of an identified asset for a period of time in exchange for consideration. BGCA determines whether the lease classification is an operating or financing lease at the commencement date.

Operating leases are recorded as operating right-of-use (“ROU”) assets and lease liabilities on the BGCA consolidated statement of position in accordance with FASB ASC 842, Leases. ROU assets represent BGCA’s right to use an underlying asset for the lease term and the corresponding lease liabilities represent its obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease ROU asset is reduced for tenant incentives and excludes any initial direct cost incurred.

Lease payments are recognized in the consolidated statement of activities on a straight-line basis over the lease term. BGCA lease terms may include options to extend or terminate the lease. These options are reflected in the ROU asset and lease liability when it is reasonably certain that BGCA will exercise the option. BGCA reassesses the lease term if and when a significant event or change in circumstances occurs within the control of BGCA, such as construction of significant leasehold improvements that are expected to have economic value when the option becomes exercisable.

As the BGCA leases do not provide an implicit rate, the net present value of future minimum lease payments is determined using the BGCA incremental borrowing rate. The BGCA incremental borrowing rate is the borrowing rate on the BGCA bank line of credit at the time of adoption.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. This standard was effective for BGCA for the year ended December 31, 2023. BGCA adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023, using the modified retrospective approach for all financial assets measured at amortized cost. Adoption of this standard did not have a significant impact on the consolidated financial statements.

2. Liquidity and Availability

Financial assets available for general expenditure within one year of December 31:

	2023	2022
Total assets	\$ 527,871	\$ 541,914
Less:		
Net assets with donor restriction - endowments in perpetuity	(47,946)	(45,796)
Net assets with donor restriction - time or purpose	(223,859)	(252,210)
Board-designated endowments	(102,606)	(103,434)
Board-designated other	(3,891)	(3,891)
Land, buildings and equipment, net	(27,453)	(28,973)
Custodial, deferred compensation and other illiquid investments	(22,910)	(22,345)
Financial assets available within one year	\$ 99,206	\$ 85,265

BGCA manages its financial assets to be available as its operating expenditures, liability and other obligations come due. In addition, BGCA invests cash in excess of daily requirements in short-term investments. To supplement working capital and investment commitments, BGCA has a line of credit agreement totaling \$30,000 with no outstanding borrowings as of December 31, 2023. See note 17 for further description of this line. Additionally, BGCA has board-designated endowments of \$101,979 and \$103,434 as of December 31, 2023 and 2022. Although BGCA does not intend to spend from its board-designated endowment funds, other than amounts appropriated for general expenditure, amounts for its board-designated endowment funds could be made available, if necessary, with appropriate board approval.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

3. Investments

Investments are carried at estimated fair value and consist of the following at December 31:

	2023	2022	Unfunded Commitments
Short-term investments	\$ 104,089	\$ 128,516	\$ -
Fixed income:			
Mutual funds	14,657	13,291	-
Fixed income securities	16,274	15,369	-
Corporate stocks-domestic	65,186	68,273	-
Community foundation	43	41	-
Private equity investments/hedge funds	177,847	169,952	25,700
	378,096	395,442	25,700
Less custodial fund investments	(12,456)	(11,970)	-
Total	\$ 365,640	\$ 383,472	\$ 25,700

Management is required to make certain estimates in the preparation of the consolidated financial statements. Among those significant estimates is the valuation of investments without readily determinable fair values. These estimates are subjective and require judgment regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that appropriately reflect market and credit risks. BGCA believes that the carrying amounts of these investments are a reasonable estimate of fair value. Estimates, by their nature, are based on judgment and available information. Changes in assumptions could have a material impact on the financial statements.

Custodial fund investments consist of assets which are being held on behalf of other organizations (see note 15).

Risk Factors

Liquidity risk - Represents the risk that BGCA may not be able to rapidly adjust the size of its portfolio holdings in times of high volatility and financial stress at a reasonable price. If BGCA were compelled to dispose of an illiquid investment at an inopportune time, the result may be a sale at a substantial discount to fair value. BGCA invests in alternative investments, which can be highly illiquid. Under adverse market or economic conditions, the secondary market for certain of these alternative investments could further contract. As a result, BGCA could find it more difficult to sell these securities or may only be able to sell these securities at amounts lower than if such securities were more widely traded.

Currency and foreign exchange risk - BGCA may hold investments denominated in currencies other than the U.S. dollar. Thus, there is exposure to currency and foreign exchange risk because the

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

value of the investments denominated in other currencies may fluctuate due to changes in currency exchange rates. This amount totaled less than 1% of investments as of December 31, 2023 and 2022.

Interest rate and credit risk - BGCA's investment portfolio is subject to interest rate and credit risks for certain securities whose valuation would be impacted by changes in interest rates. The portfolio is also subject to the risk of the issuer of the security becoming unable to pay interest or repay principal when it is due.

Market price risk - The value of securities held by BGCA may decline in response to certain economic events, including those events impacting entities whose securities are owned and included in the investment portfolio. Events impacting valuation may include (but are not limited to) economic changes, market fluctuations, regulatory changes, global and political instability, and currency, interest rate, and commodity price fluctuations. BGCA attempts to manage this risk through diversification, ongoing due diligence of fund managers, and monitoring of relevant economic conditions.

Concentration risk - Investments in multi-strategy hedge funds totaling \$127,876 and \$123,084 at December 31, 2023 and 2022, respectively, were held and managed by a single fund manager.

4. Contributions Receivable

Contributions receivable consists of the following at December 31:

	2023	2022
Contributions receivable, gross	\$ 53,526	\$ 57,393
Less:		
Unamortized discount	(2,338)	(2,223)
Allowance for uncollectible contributions	(244)	(31)
Contributions receivable, net	\$ 50,944	\$ 55,139
Amounts due in:		
Less than one year	\$ 34,269	\$ 32,356
One to five years	19,257	25,037
	\$ 53,526	\$ 57,393

Contributions receivable are initially recorded at fair value as of the date of gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue. Estimated future cash flows to be received after one year were discounted at December 31, 2023 and 2022 at rates ranging from 0.10% to 8.5%.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

Conditional promises to give are not recognized in the accompanying consolidated financial statements and, if they are subsequently recorded, they may be restricted for specific purposes stipulated by the donors. The conditional nature relates to the donor specifying a future and uncertain event whose occurrence or failure to occur gives the donor a right of return of the assets contributed or releases the donor from its obligation to transfer the assets promised. There were \$10,000 new conditional gifts received from donors during 2023 and \$0 in 2022. Conditional promises to give of \$6,375 and \$7,138 were recognized as revenue during 2023 and 2022, respectively, as donor-imposed conditions were met by BGCA. Outstanding conditional promises to give totaled \$18,095 and \$14,470 at December 31, 2023 and 2022, respectively.

5. Land, Buildings, and Equipment

Land and buildings, as well as furnishings and equipment, are recorded at acquisition cost, or fair value upon receipt in the case of gifts. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the lesser of the useful life or lease term.

Land, buildings, and equipment consist of the following at December 31:

	2023	2022	Estimated Useful Life
Land	\$ 10,345	\$ 10,345	N/A
Buildings	14,873	14,226	50 years
Leasehold improvements	24	24	10 years
Building improvements	2,500	2,477	6-9 years
Furniture, fixtures and equipment	12,421	12,441	5-7 years
	40,163	39,513	
Less accumulated depreciation and amortization	(12,710)	(10,540)	
	\$ 27,453	\$ 28,973	

Depreciation expense totaled \$2,299 and \$1,937 for the years ended December 31, 2023 and 2022, respectively.

6. Retirement Plans

Effective January 1, 2015, BGCA amended its noncontributory defined contribution pension plan to a Defined Contribution 401(k) plan covering all eligible employees. Under the amended plan, BGCA contributes 3% of compensation for each payroll period and a matching contribution for participants who make Elective Deferral Contributions to the Plan of up to 4% of compensation. Pension expense for 2023 and 2022 totaled \$3,013 and \$2,670, respectively.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

In 2011, the Board of Governors approved a supplemental executive retirement plan for the benefit of a member of senior management whereby a retirement benefit will be earned ratably by the executive during the service term as defined in the plan agreement. The vested amount will be paid to the executive upon retirement, disability, or termination without cause as defined in the plan agreement. The liability recorded in connection with this plan as of December 31, 2023 and 2022 is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

BGCA also has a retirement fund totaling \$1,046 and \$849 at December 31, 2023 and 2022 included in board - designated net assets without restrictions.

7. Assets Held in and Liability Under Deferred Compensation Accounts

BGCA has in place deferred compensation agreements with certain key officers, whereby amounts will be paid according to the terms of the agreements into accounts maintained by BGCA for the purpose of salary continuation upon retirement. This plan is subject to certain stipulations outlined within the agreements, one of which is the officers' continued employment with BGCA. Deferred compensation activity during 2023 and 2022 consists of the following:

	2023	2022
Employee contributions	\$ 276	\$ 260
Annuity contracts	(93)	(155)
Distributions - lump sum	-	-
Change in fair value	307	(272)
Net change for the year	490	(167)
Assets held in and liability under deferred compensation:		
Beginning of year	1,471	1,638
End of year	\$ 1,961	\$ 1,471

8. Government Grants and Contracts

During 2023 and 2022, BGCA recorded revenue totaling \$147,195 and \$167,134, respectively, related to various government grants and contracts. Of this amount, \$134,161 and \$132,696 was passed through to certain affiliated local member clubs (see note 1) for leadership training, development and support of youth programs during 2023 and 2022, respectively.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

9. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022 are available for the following purposes or periods:

	2023	2022
On-site assistance to member clubs and establishment of new clubs	\$ 198,993	\$ 227,642
Leadership training, development and support of youth programs	22,245	21,671
Available for use in future periods	2,621	2,797
Endowment in perpetuity	47,946	45,796
	\$ 271,805	\$ 297,906

10. Net Assets Released from Restrictions

During 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time, or by occurrence of other events satisfying restrictions specified by donors as follows:

	2023	2022
Purpose restrictions accomplished:		
Expenses for on-site assistance to member clubs and establishment of new clubs	\$ 141,763	\$ 111,619
Expenses for leadership training, development and support of youth programs	6,985	13,932
Expenses for fund-raising	330	350
	149,078	125,901
Time restrictions expired - passage of specified time	35	1,493
	\$ 149,113	\$ 127,394

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

11. Net Assets Without Donor Restrictions - Board-Designated

Net assets without donor restrictions - Board-designated consist of the following at December 31:

	2023	2022
Functioning as quasi-endowment:		
Reserve fund	\$ 85,551	\$ 87,839
Board designated fund intended for Native Services	17,055	15,595
	102,606	103,434
Other board-designated funds for programs	3,891	3,891
	\$ 106,497	\$ 107,325

12. Endowment Net Assets

BGCA’s endowment consists of 64 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Governors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Governors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

a. Interpretation of Relevant Law

BGCA has interpreted the State of Georgia’s enacted version of the 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. As a result of this interpretation, BGCA classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not required to be kept in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditures by BGCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, BGCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund
2. The purposes of BGCA 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 BGCA

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

7. The investment policies of BGCA

b. Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires BGCA to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions and generally result from unfavorable market fluctuations that occur shortly after the investment of new contributions with donor restrictions and continued appropriation for certain programs that were deemed prudent by the Board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in net assets with donor restrictions. There were no aforementioned deficiencies at December 31, 2023 and 2022, respectively.

c. Return Objectives and Risk Parameters

The financial objective of BGCA's endowment is to provide support to the operations of its programs and affiliates and to preserve the inflation adjusted purchasing power of the long-term investment. The investment objective is to attain an average annual real total return of at least 5% over the long term (rolling five-year periods). Actual returns in any given year may vary from this amount.

To achieve its investment objective, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark composed of 60% allocated to the MSCI All Country World IMI and 40% allocated to the Barclays U.S. Intermediate Aggregate Index.

d. Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, BGCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). BGCA targets a diversified asset allocation that places emphasis on investments in marketable securities, bonds, and private equity designed to achieve its long-term return objectives within prudent risk constraints.

e. Spending Policy

A spending policy is established to ensure that the real value of the investment is maintained over time, which requires that the long-term average spending rate not exceed the long-term real return. BGCA's spending rate is established as up to 5% of the previous three-year average of the September 30 fair value of the endowment net assets unless stipulated otherwise by the donor.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

Endowment net assets consist of the following at December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions In Perpetuity	Total
Donor-restricted endowment funds	\$ -	\$ 100,137	\$ 47,946	\$ 148,083
Board-designated quasi-endowment funds	102,606	-	-	102,606
Total endowment net assets	\$ 102,606	\$ 100,137	\$ 47,946	\$ 250,689

Endowment net assets consist of the following at December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions In Perpetuity	Total
Donor-restricted endowment funds	\$ -	\$ 95,772	\$ 45,796	\$ 141,568
Board-designated quasi-endowment funds	103,434	-	-	103,434
Total endowment net assets	\$ 103,434	\$ 95,772	\$ 45,796	\$ 245,002

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions In Perpetuity	Total
Endowment net assets, December 31, 2022	\$ 103,434	\$ 95,772	\$ 45,796	\$ 245,002
Contributions	4,377	-	2,150	6,527
Investment income	15,928	11,660	-	27,588
Appropriation of endowment assets for expenditure	(21,133)	(7,295)	-	(28,428)
Endowment net assets, December 31, 2023	\$ 102,606	\$ 100,137	\$ 47,946	\$ 250,689

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions In Perpetuity	Total
Endowment net assets, December 31, 2021	\$ 129,893	\$ 114,938	\$ 43,546	\$ 288,377
Contributions	3,728	-	2,250	5,978
Investment Loss	(15,603)	(15,548)	-	(31,151)
Appropriation of endowment assets for expenditure	(14,584)	(3,618)	-	(18,202)
Endowment net assets, December 31, 2022	\$ 103,434	\$ 95,772	\$ 45,796	\$ 245,002

13. Fund-Raising Event Direct Operating Costs

BGCA holds periodic fund-raising events and reports the revenues generated, net of any direct operating costs, as revenue, gains, and other support in the accompanying consolidated statements of activities. These direct operating costs during 2023 and 2022 are as follows:

	2023	2022
Supplies	\$ 153	\$ 223
Printing	53	68
Postage	11	11
Travel	681	798
Banquets and space rental	1,849	1,383
Entertainment, event management, and speakers	468	720
	\$ 3,215	\$ 3,203

14. Leases

Operating Leases

BGCA recorded operating lease ROU assets and corresponding lease liabilities of approximately \$3,236 and \$2,111, respectively, upon adoption of the standard on January 1, 2022. There was no significant impact on net assets without donor restrictions.

At December 31, 2023, BGCA had operating leases for certain facilities, fleet vehicles, and office equipment with lease terms ranging from 1 to 7 years, with some options to extend or terminate. The operating leases do not contain residual value guarantees. Total operating lease expense for

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

the year ended December 31, 2023 was \$620. Total operating lease expense for the year ended December 31, 2022 was \$558.

Consolidated supplemental cash flow information related to operating leases for the year ended December 31, 2023, consisted of the following:

	Operating Leases
Cash paid for amounts included in the measurement of lease liabilities	\$ 770
Right-of-use assets obtained in the exchange for operating lease obligations	3,558
Weighted - average remaining lease terms (in years)	8.61
Weighted - average discount rate	7.62%

Consolidated supplemental cash flow information related to operating leases for the year ended December 31, 2022, consisted of the following:

	Operating Leases
Cash paid for amounts included in the measurement of lease liabilities	\$ 640
Right-of-use assets obtained in the exchange for operating lease obligations	1,629
Weighted - average remaining lease terms (in years)	4.79
Weighted - average discount rate	5.89%

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

The maturity of the lease liabilities under BGCA's operating leases as of December 31, 2023 is as follows:

<i>Years Ending December 31,</i>	Operating Leases
2024	\$ 569
2025	546
2026	461
2027	380
2028	324
Thereafter	1,488
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Minimum lease payments	3,768
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Less amounts representing interest	(859)
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Minimum lease payments, net	\$ 2,909
Current portion	419
Noncurrent portion	2,490

The maturity of the lease liabilities under BGCA's operating leases as of December 31, 2022 is as follows:

<i>Years Ending December 31,</i>	Operating Leases
2023	\$ 641
2024	356
2025	313
2026	313
2027	216
Thereafter	270
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Minimum lease payments	2,109
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Less amounts representing interest	(398)
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Minimum lease payments, net	\$ 1,711
Current portion	570
Noncurrent portion	1,141

Lessor Leases

BGCA has lessor operating leases for commercial space in BGCA's main headquarters for which lease payments are fixed at the time of lease commencement. BGCA considers the likelihood of its tenants exercising renewal or termination terms in its leases, based upon prior renewals, sales and forecasts,

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

it determining the ultimate term of the lease. Termination terms are explicitly stated in each lease agreement. Lease payments are governed by the lease agreement and are generally fixed, although some lease agreements may provide for payment escalations. BGCA only includes consideration for lease components in its determination of lease payments.

BGCA's leases do not have any provisions for tenants to purchase underlying assets being leased at the end of the lease term, or that provide for residual value guarantees.

As of December 31, 2023, these leases have termination dates through 2023 and thereafter. The total lease income received for fiscal years ended December 31, 2023 and 2022 was \$1,024 and \$1,199, respectively, and are reported within other revenue on the statement of activities.

As of December 31, 2023, the future minimum operating lease income to be received for future years is as follows:

<i>Years Ending December 31,</i>	Operating Leases
2024	\$ 632
2025	267
2026	274
2027	281
2028	288
Thereafter	636
Minimum lease income	\$ 2,378

As of December 31, 2022 the future minimum operating lease income to be received for future years is as follows:

<i>Years Ending December 31,</i>	Operating Leases
2023	\$ 793
2024	395
2025	24
2026	24
2027	24
Thereafter	226
Minimum lease income	\$ 1,486

15. Obligations for Custodial Funds

BGCA has custody of certain assets that are being held and disbursed only on instructions of the person or organization from which they were received. These custodial funds and related obligations

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

are included in the accompanying consolidated statements of financial position; however, additions to/disbursements from these funds are not considered part of BGCA's operations.

The changes in custodial funds for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Net (loss) gains on investments and other receipts	\$ 1,140	\$ (1,758)
Disbursements	(654)	(1,096)
Net change for the year	486	(2,854)
Assets held in custody for others:		
Beginning of year	11,970	14,824
End of year	\$ 12,456	\$ 11,970

16. Fair Value Measurements

BGCA applies ASC 820, *Fair Value Measurement*, for fair value measurements of financial and nonfinancial assets and financial liabilities. BGCA's estimates of fair value for financial assets and liabilities are based on the framework established in ASC 820, which considers the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the ASC 820 hierarchy is based on whether the significant inputs relative to the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect BGCA's significant market assumptions. The three levels of the hierarchy are further described as follows:

Level 1 - Valuations based on unadjusted quoted market prices for identical assets or liabilities in accessible and active markets.

Level 2 - Valuations based on pricing inputs that are other than quoted prices in active markets that are either directly or indirectly observable. Examples include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

Level 3 - Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets or liabilities. Level 3 investments comprise primarily alternative investments, which are not readily marketable.

The majority of BGCA's alternative investments are held through limited partnerships for which the fair value is estimated using the NAV reported by the investment managers as a practical expedient.

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

In accordance with ASU 820 Fair Value Measurement, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The carrying amounts presented are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

The carrying amounts of membership dues and grants receivable, split interest agreements, accounts payable and accrued expenses, and annuities payable (all classified largely as Level 1 within the fair value hierarchy described above) approximate fair value because of the relative terms and/or short maturity of these financial instruments. Contributions receivable are initially measured at fair value in the year the receivable is recorded based on the present value of the estimated future cash flows discounted at a rate that reflects the risks inherent in those cash flows, which is an application of the income approach. Contributions receivable reflected at fair value are classified as Level 3 in the fair value hierarchy. Cash and cash equivalents, investments, assets held in custody for others, and assets held in deferred compensation accounts are reflected in the accompanying consolidated financial statements at fair value. The carrying amounts of obligations for custodial funds, and the liability under deferred compensation agreements are recorded at the fair value of the underlying assets.

As required by ASC 820, financial instruments recorded at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The following is a summary of BGCA's financial instruments within the fair value hierarchy as of December 31, 2023 and 2022:

	2023							Redemption or Liquidation	Notice Period
	Investments Measured at NAV	Level 1	Level 2	Level 3	Total				
Assets:									
Recurring:									
Cash and cash equivalents	\$ -	\$ 37,631	\$ -	\$ -	\$ 37,631		Daily	None	
Investments, and assets held in custody for others:									
Short-term investments	\$ -	\$ 104,089	\$ -	\$ -	\$ 104,089		Daily	None	
Fixed income:									
Mutual funds	-	14,657	-	-	14,657		Daily	None	
Other securities	-	-	16,274	-	16,274		Monthly	5 Days	
Corporate stocks, domestic	-	65,186	-	-	65,186		Daily	None	
Community foundation	-	-	-	43	43		At Foundation Discretion	At Foundation Discretion	
Alternative investments:									
Private equity	49,971	-	-	-	49,971		At Discretion of GP	At Discretion of GP	
Multi-strategy hedge funds	127,876	-	-	-	127,876		Bi-annually Annually or Quarterly	45-90 Days 65-105 Days	
Total investments and assets held in custody for others	\$ 177,847	\$ 183,932	\$ 16,274	\$ 43	\$ 378,096				
Assets held in deferred compensation accounts	\$ -	\$ 1,961	\$ -	\$ -	\$ 1,961		Daily	None	

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

	2022							Redemption or Liquidation	Notice Period
	Investments Measured at NAV	Level 1	Level 2	Level 3	Total				
Assets:									
Recurring:									
Cash and cash equivalents	\$ -	\$ 39,830	\$ -	\$ -	\$ 39,830		Daily	None	
Investments, and assets held in custody for others:									
Short-term investments	\$ -	\$ 128,516	\$ -	\$ -	\$ 128,516		Daily	None	
Fixed income:									
Mutual funds	-	13,291	-	-	13,291		Daily	None	
Other securities	-	-	15,369	-	15,369		Monthly	5 Days	
Corporate stocks, domestic	-	68,273	-	-	68,273		Daily	None	
Community foundation	-	-	-	41	41		At Foundation Discretion	At Foundation Discretion	
Alternative investments:									
Private equity	46,868	-	-	-	46,868		At Discretion of GP	At Discretion of GP	
							Bi-annually	45-90 Days	
Multi-strategy hedge funds	123,084	-	-	-	123,084		Annually or Quarterly	65-105 Days	
Total investments and assets held in custody for others									
	\$ 169,952	\$ 210,080	\$ 15,369	\$ 41	\$ 395,442				
Assets held in deferred compensation accounts									
	\$ -	\$ 1,471	\$ -	\$ -	\$ 1,471		Daily	None	

There were no transfers or purchases of the level 3 investments for 2023 and 2022.

The following is a description of the valuation methodologies and inputs used for alternative investments recorded at NAV.

Private Equity

This class includes a fund of funds that invests in private equity funds making investments in the U.S. across a broad range of industries and company sizes. These investments cannot be redeemed at the investor's request. Instead, the nature of the investments in this class is such that distributions are received through the liquidation of the underlying assets of the fund. The fair value of these investments has been estimated using the net asset value per share of the investment as a practical expedient to estimate fair value.

Credit/Distressed

This class includes investments in funds that buy bonds or structured credit products expected to appreciate in value and short those they expect to decline in value. These managers will invest in corporate bonds, structured products, bank loans and fixed income derivatives. Distressed-debt managers typically focus on bonds and bank loans trading at a significant discount to par value as a result of the debtor company's troubled financial condition. These managers may become actively involved in company reorganization and bankruptcy committees and may also buy bonds with the expectation that they will be converted to equity. The fair value of these investments has been determined to be the net asset value per share of the investments. Investments representing 7% of

Boys & Girls Clubs of America and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022
(in thousands)

this class cannot be redeemed due to liquidity restrictions and will be distributed at the managers' discretion.

Multi-Strategy

This class includes investments in funds that invest in different strategies, shifting capital among them according to their profitability. These managers employ event driven and diversified strategies, seeking to generate risk-adjusted returns across business and market cycles. In addition, they may also engage in other areas, such as private placements, insurance and real estate. The term open mandate is sometimes used synonymously with multi-strategy. The fair value of these investments has been determined to be the net asset value per share of the investments. Investments representing 5% of this class cannot be redeemed due to liquidity restrictions and will be distributed at the managers' discretion.

17. Commitments and Contingencies

Financial

In May 2019, BGCA secured a revolving line of credit of \$30,000 to assist with working capital, as needed. This line of credit was extended during 2022 and is available through July 29, 2024. There were no borrowings against the line during 2023 and 2022. Interest payments are due monthly, calculated at the Secured Overnight Financing Rate plus 1.5 percentage points on the outstanding balance.

The line of credit agreement contains various covenants. BGCA is in compliance with these covenants as of December 31, 2023 and 2022.

Legal Matters

BGCA is subject to claims and legal actions arising in the ordinary course of business. In the opinion of management, the outcome of such actions will not have a material adverse effect on the financial position of BGCA.

Federal Financial Assistance

Federally funded programs are routinely subject to special audits that could result in claims against the resources of BGCA. Management does not believe that there will be any claims arising from such audits that could have a material adverse effect on the financial position of BGCA.

18. Subsequent Events

BGCA evaluated events subsequent to December 31, 2023 and through June 4, 2024, the date on which the consolidated financial statements were available for issuance and determined that all significant events and disclosures are included in the consolidated financial statements.